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# Latin America Report

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5 March 1984

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## CENTRAL BANK REPORT ON OIL, TOURISM, RESERVES

FL192227 Nassau THE TRIBUNE in English 12 Jan 84 p 2

[Text] The Bahamas trimmed its oil imports bill by \$9 million, played host to nearly 100,000 more tourists, and increased its foreign exchange reserves by nearly \$40 million between April and June last year, the Central Bank has reported.

The bank said: "Oil imports declined by \$9 million mainly due to a drop in the volume of oil imported for foreign bunkering.

"Domestic oil consumption fell by a lower 1.3 million dollars to 28.4 million dollars, but was up in volume by 52,000 barrels to 856,000 barrels."

It said tourist arrivals totalled 601,930 in the second quarter of last year, against 505,070 for the corresponding period in 1982.

According to the bank, the country's foreign reserves were up by 39.3 million dollars to 151.7 million dollars, "reflecting the turnaround in the economy."

"This compared with an increase of 42.1 million dollars a year ago which resulted primarily from public sector foreign currency loan receipts," the bank said.

The bank said that the tourist industry continued to show signs of improvement in the second quarter of 1983 with total arrivals increased by 19.2 per cent from a year ago to 601,930.

Air arrivals were up by 10 per cent to 320,500 and sea arrivals by a substantial 30.9 percent to 281,430. Compared with the previous quarter, air arrivals fell by 8 per cent, while sea arrivals rose by 30 per cent.

The rise in consumer prices for the quarter slowed to 0.8 per cent, down from 1.5 per cent in the first quarter.

The bank said the current account registered a deficit of 9.3 million dollars, reflecting the pick-up in domestic economic activity. This compares with a surplus of 4.9 million dollars in the corresponding quarter of 1982.



The bank said that there was overall a decline in domestic credit of 10.3 million dollars (1.5 percent) for the quarter. This was said to be solely on account of an 18.3 million dollars decline in net credit to government which resulted in part from the final drawdown of \$20 million on the Cable Beach Hotel loan, the initial effect of which was to boost deposits with the Central Bank.

Credit to the private sector increased during the quarter by 8 million dollars (1.5 per cent) to 543.4 million dollars.

The bank said that the sectors which showed the most substantial growth in credit for the current quarter included distribution, tourism, professional and other services, and agriculture.

CSO: 3298/1124

## MARAVEN PRESIDENT OUTLINES CURRENT STATUS OF MAJOR PROJECTS

Caracas EL UNIVERSAL in Spanish 24 Dec 83 p 1-20

[Text] The economic and financial problems that the country is experiencing demonstrated this year what we had always responsibly acknowledged: that the activity that we carry out in Maraven is essential to the country's well-being, stated Dr Alberto Quiroc Corradi, the president of the PETROVEN [Venezuelan Petroleum, Inc] subsidiary, in his year-end message to the enterprise's workers.

"We owe it to the country," he stressed, "to put forth our best efforts to maintain the highest levels of efficiency and productivity."

#### Accomplishments Despite Uncertainties

Referring to the world oil outlook and to its effects on the nation's economy, Dr Quiros Corradi pointed out that our industry has not escaped the existing situation of uncertainty and challenges.

"In the face of this, Maraven has grown stronger on the basis of its advanced technology, creativity and devotion to efficiency and service," he added.

"The need to adapt to the glut on the world oil market has forced the industry to thoroughly review its investment and development plans and to scale some of them back. Nonetheless, Maraven and its entire staff can feel proud of their accomplishments in 1983."

#### Accomplishments in 1983

In support of this statement, the Maraven president pointed to the successful completion of the exploration and assessment program in the Zuata area of the Orinoco Oil Belt, with which the enterprise had been entrusted. The zone was found to contain some 500 billion barrels of oil, with a priority area of 225 billion barrels of crude.

"This accomplishment," he went on to say, "prompted the recent authorization that the Energy and Mines Ministry granted us to begin developing the area. This is more than just a recognition of Maraven's lengthy

experience in the use of technologies and methods for the extraction of heavy crudes. It also expands our production reserves and potential, thus guaranteeing our contribution to meeting the future output requirements of the national oil industry."

In his message to the workers of the enterprises, Dr Quiros Corradi also underscored the recent inauguration of the Pilot Hydrometallurgical Complex at the Cardon Refinery in Falcon State, the first of its kind in the world. It seeks to demonstrate the feasibility of removing a high percentage of the metals and sulfur present in the residual fuel and in heavy crudes, with a view towards boosting the yield of the latter and maximizing the income that oil brings into the country.

He also made mention of the modern Alkylation and Isomerization Industrial Complex that went on line in the same refinery.

This plant monitors production processes by means of computer and can put out 14,000 barrels a day of constituent for high-octane gasoline, thus helping to meet the current and anticipated demand for gasoline on the domestic market.

Another accomplishment mentioned by the Maraven president was the startup of the Barua-Motatan Complex in Trujillo State, which more than tripled the enterprise's production potential in the area to 50,000 barrels a day of heavy crude.

"Continuing the renovation of its tanker fleet, Maraven gave a strong boost to the development of the national merchant marine by acquiring two tankers, the 'Yavire' and the 'Paramacay,' which have been especially designed to transport liquid gas."

As for the use of steam injection in deposits from which the remaining oil can no longer be extracted by conventional methods, he stressed that the well-known Bachaquero Project would boost output in that Zulia field from 50,000 to 170,000 barrels a day by 1988.

Dr Quiros Corradi also underscored the importance of the national component in all of the enterprise's programs and projects.

#### Control and Maintenance Costs

With regard to costs, he pointed out the special emphasis that has been placed on the maintenance of equipment and facilities.

"Needless to say," he noted in this regard, "at a time when money is in short supply, we will have to pay greater attention to maintenance and to the prevention and repair of damage, instead of replacing equipment."

"Maraven generates foreign exchange, which is indispensable for the country's economic development. But we recognize that in addition to generating foreign exchange, we must also help to save it. We have always advocated a policy of using domestic products, materials, technologies and services to meet our operational requirements, instead of importing them. This policy of savings has been intensified due to the financial situation that the nation is experiencing.

#### Social Responsibility

In conclusion, the Maraven president pointed out the beneficial impact of the programs aimed at the well-being, security, training and development of the company's personnel. Combined with its active involvement in various community interest projects and its constant concern for the protection of the environment, this highlights its commitment to thoroughly fulfill its social responsibility.

Caracas, December 1983

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CSO: 3348/240

## DOMINICAN-SALVADORAN TRADE INCREASING

San Salvador EL DIARIO DE HOY in Spanish 23 Jan 84 pp 11, 51

[Text] Trade between El Salvador and the Dominican Republic has grown in recent times due to the efforts of the Dominican-Salvadoran Chamber of Commerce, according to Ambassador Alberto Despradel.

This bilateral trade is developing normally. El Salvador is about to purchase some 15,000 or 20,000 tons of fertilizer, a notable increase in trade between the two countries.

He indicated that this trade between the Latin American countries must become better consolidated because it is a means of growing economically in order to consolidate our positions with the other countries in the world. Despradel said that decisions were made at the last meeting of the Latin American Economic Conference in Quito, Ecuador, to increase regional trade among our countries.

This reduces the pressure from the deficit in North-South, South-North trade between the poor countries and rich countries. He added that it is also an incentive for our incipient industries.

Concerning Salvadoran exports to the Dominican Republic, the diplomat explained that our country basically sells it medicine totaling several million dollars per year. There are also minor exports like toys, jewelry, etc. The Dominican Republic is beginning to export fertilizer to us and might also export ferro-nickel and other products. It also sells us rubber as raw material for recapping tires.

## Reagan Program

He was asked his opinion of the Reagan Program for the Caribbean Basin.

Ambassador Despradel said: "It is positive and essential. We countries in the area, the recipients of the program, must study this plan well to use it to our best advantage."

I understand that this plan is an indispensable antidote to improve the economic conditions of our countries when the prices of our products have hit rock bottom and the products of industrialized countries are expensive.

As to the advantages, he said that several of our products will be introduced to the U.S. market duty free and without restrictions.

He indicated: "More than economic aid, the United States must give us facilities to develop our industries and our businesses through market openings."

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CSO: 3248/400

CENTRAL AMERICAN BANKERS URGE END TO TRADE BARRIERS

San Salvador EL MUNDO in Spanish 24 Jan 84 p 17

[Text] The joint meeting of the ministers of economy and presidents of Central American central banks held on Tuesday, 17 January, in San Salvador, resulted in the agreement "to promote the elimination of exchange, administrative and other restrictions that limit intraregional trade," among other things.

This was stated in a resolution announced this afternoon by Alberto Benitez Bonilla, president of the Salvadoran BCR [Central Reserve Bank].

This meeting was convoked in order to learn of the trade problems in the area, particularly among Guatemala, El Salvador and Honduras, within the framework of the CACM.

The resolution delivered to the news media by the BCR president stated:

"The joint meeting of the ministers responsible for Central American economic integration and the CMCA [Central American Monetary Council], based on Resolution No. CMCA R1/142/84 issued by the CMCA at its 142nd meeting held in Guatemala City on 7 January 1984 and the agreement of the ministers to the same, considering the importance of support to and increase of their trade for the Central American countries,

"Agrees:

"First: To promote the elimination of exchange, administrative and other restrictions that now limit intraregional trade. Therefore, it will be necessary:

"To keep the countries from discriminating for their benefit against products originating in other Central American countries; and

"To keep the countries from importing preferentially from outside Central America.

"Second: To create an intergovernmental group with the characteristics cited in the resolution. It will be formed by officials appointed by the ministers responsible for Central American economic integration and the presidents of the Central American central banks. They will report these appointments to

the Permanent Secretariat of the General Treaty for Central American Economic Integration and to the Executive Secretariat of the CMCA. Within 3 weeks after its formation, that group will proceed to prepare a plan of action to develop the context of letter f of the CMCA Resolution and this resolution.

"Third: To meet again by 17 February 1984 at SIECA [Secretariat of Central American Economic Integration] headquarters in Guatemala City to learn the recommendations of the intergovernmental group.

"Both the intergovernmental group and the corresponding joint meeting must be convoked by SIECA and the CMCA Secretariat.

"San Salvador, El Salvador, 17 January 1984"

As is known, the president of the republic, Dr Alvaro Magana, opened this meeting because of his responsibility for the Ministry of Economy. In view of the fact that he only attended the opening, the president of the BCR was elected to preside over that meeting. In addition to the ministers and central bank presidents, officials of the technical secretariats of SIECA as well as the CMCA and ECLA also attended the meeting.

San Salvador, 18 January 1984

The following representatives were present at the meeting:

#### Guatemala

Carlos Alpirez, Central Bank president; Leonel Hernandez, minister of economy; Cesar Soto, deputy minister of economy; Jorge Mario Chenal, director of economic integration.

#### Honduras

Gonzalo Carias, Central Bank president; Rigoberto Pineda, deputy minister of economy; professor Camilo Rivera Giron, minister of economy; Jose Enrique Mejia, deputy minister of integration; Mario Perdomo, director of integration; and Dante Gabriel Ramirez, president of the Central American Bank of Economic Integration.

#### Nicaragua

Luis Enrique Figueroa, Central Bank president; Alejandro Martinez Cuenca, minister of foreign trade; and Noel Gonzalez.

#### Costa Rica

Dr Carlos Manuel Castillo, Central Bank president; and Marco Antonio Lopez, minister of economy.

#### CMCA Secretariat

Mario Gomez Valencia, executive secretary



SIECA

Raul Sierra Franco, secretary general

El Salvador

Alberto Benitez Bonilla, Central Bank president; Joaquin Morazan Bonilla, first vice president of Central Bank; Rafael Alvarez Zaldivar, second vice president of Central Bank; Nicolas Rigoberto Monge, minister of finance; Inocente Antonio Soto Gomez, director of economic integration; and Ricardo Alvarenga V., deputy minister of economy.

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CSO: 3248/400

## GUATEMALAN, SALVADORAN INDUSTRIES ON BORDER REOPENING

Guatemala City DIARIO EL GRAFICO in Spanish 20 Jan 84 pp 2, 42

[Text] The directors of the main business organizations of the Guatemalan and Salvadoran private sector met in San Salvador and agreed yesterday to reopen the border. This has been submitted to the governments of both countries. The agreement is as follows:

The president of the ASI [Salvadoran Industrialists Association], the president of the Chamber of Commerce and Industry of El Salvador, representatives of the Salvadoran Association of Distributors, representatives of the Salvadoran Association of Businessmen and Industrialists, the president of the Guatemalan Chamber of Industry and the president of the Guatemalan Chamber of Commerce met on 18 January 1984 with their respective delegations in San Salvador, El Salvador, at the ASI headquarters. The objective was to discuss the problems that have interfered with free trade between their two countries. After wide-ranging discussions, they decided to recommend and request that the governments of their respective countries reestablish unlimited free trade of basic and manufactured products in both countries under the norms established in the general treaty for Central American economic integration and under the following conditions:

All basic and manufactured goods in both countries that--according to the general treaty for Central American economic integration--enjoy free trade will remain subject to the same system. Payment for them will be made with foreign currency at the official exchange rate through the Central American Compensation Chamber;

Exceptions to the above system of payments are all the goods exclusively in Annex No. 2 and its addendum approved by the Salvadoran Monetary Council on 28 October 1982 and 18 February 1983, respectively. These imports from Guatemala will be paid for through the central banks or by delegation within the national banking system under the following mechanism:

- a) Foreign currency for the payments will be at the rate of exchange that the banking systems in both countries agree on;
- b) The exchange rate to which the above clause refers can fluctuate to achieve official parity in the shortest time possible;

c) The date to begin the exchange rates indicated above will be the day when free trade between the two countries resumes;

d) Any variation that might arise in the official rate of exchange of the Salvadoran colon will mean that payments will be automatically made at the new official exchange rate.

The respective import licenses or certificates will be granted within three (3) working days;

Payments resulting from trade between the two countries will be made within three (3) working days;

Small trade will not be subject to import or export licenses or certificates if the value of the merchandise does not exceed C.A.\$100.

It is recommended that the trade of fruits, vegetables, produce and perishable natural food products in general be carried out with the greatest flexibility and least red tape possible.

There must never be discriminatory treatment of the goods of the two countries. Based on the general treaty, any more favorable treatment that one of the two countries gives to a third must be applied to the counterpart--that is, to the Salvadoran or Guatemalan goods.

Starting on the date free trade between the two countries resumes, the Salvadoran Government will eliminate any provision that hinders this trade and will reestablish unlimited free trade for all basic and manufactured products in Guatemala.

Starting on the date free trade between the two countries resumes, the Guatemalan Government will suspend the application of Ministerial Agreement No. 491-83 dated 28 November 1983 for imports of basic and manufactured products from El Salvador. It will also reestablish and permit unlimited free trade of all basic and manufactured products in El Salvador.

[Signed] Guatemalan Chamber of Industry, Carlos Torrebiarte L.; ASI, Eduardo Funes Hartmann; Salvadoran Association of Businessmen and Industrialists, Herber Trujillo; Guatemalan Chamber of Commerce, Pedro Miguel Lamport K.; Chamber of Commerce and Industry of El Salvador, Victor A. Steiner; and Salvadoran Association of Distributors, Carlos Manuel Romero.

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CSO: 3248/380

## EMERGING LABOR LEADERSHIP FORMING OPPOSITION BLOC TO CGT

Buenos Aires LA NACION in Spanish 30 Jan 84 p 6

[Text] The debate over the government union reorganization bill shows an atypical union situation that has ended in the realignment of the leaders of the labor movement.

Two well-defined poles prepare to fight a hard battle. On one side is what is called the old guard of trade unionism--almost all Peronists--which has just united in a single CGT [General Confederation of Labor]. On the other side is the strong emergence of parallel groups that quickly try to insert themselves in the union democratization process that the UCR [Radical Civic Union] government is promoting through that initiative.

Traditional trade unionism agreed to unite in one labor organization but it is far from what its leaders proclaimed: "the unity of the labor movement in the historic CGT." It is impossible to speak of "total unity" since even within the ranks of the traditional leadership there was a major desertion: the Committee of 20 did not recognize the unity agreement and resolved to continue acting as the CGT-Azopardo. In other words, the unity achieved by the two CGT's only deepened the existing division in that sector of trade unionism which includes union leaders with extended mandates from the military government.

The unification meeting held last week was characterized by its strong anti-governmental context. This old guard of trade unionism did not hesitate to denounce alleged government interference in the union reorganization process.

Behind that accusation lies perhaps the concern of the leaders about the prospect of displacement at the time the positions are revalidated. Union reorganization, one of the planks on which Dr Raul Alfonsin based his electoral campaign, is oriented toward a union structure that is not at the service of one political trend but is pluralistic and arises from a democratic process from bottom to top.

Although this brand-new CGT plans to present the demands of the workers and, as a first step, has requested an audience with President Alfonsin, its basic objective is the defense of traditional union structures.

## Opposition Pole

Facing this attempt to preserve the position and political space that the traditional leaders have occupied for two decades in most cases, parallel groups that support the union reorganization bill have emerged.

These recently created groups do not have secretaries general of unions in their leadership but are headed by leaders of different political trends--although predominantly dissident Peronists--including members of the opposition in several unions.

There is the AGA [Argentine Trade Union Assembly], ENTRA [National Workers Meeting], the National Movement for Union Renovation (Alfonsin) and a fourth group formed mainly by leaders to the left of Peronism led by Andres Framini.

These new groups have taken on the task of structuring opposition to the traditional trade unionism leadership. They have formed a liaison board "for the formation of a front that insures the democratic normalization of the unions." Abstracting ideologies, they propose to form "a great pluralistic front and achieve a new CGT leadership."

## Confrontations

The struggle between the trade unionism of the old guard and the new union groups has seen its first two battles. Alberto Piccinini, aligned with the National Movement for Union Renovation and a member of ENTRA led by Julio Guillan (telephone workers) among others, won a significant victory in the elections of the Villa Constitucion section of the UOM [Metalworkers Union]. His broad victory was a resounding statement against "Miguelism" in that union. It is assumed that it will change the internal situation of the UOM. Observers also feel that Piccinini's victory favors the plan of the UOM sections that ask for Miguel's withdrawal. His prestige declined notably after the Peronist election defeat.

Another man within the UOM who plans to fight Lorenzo Miguel and the other metalworker leader, Luis Guerrero, is the former secretary general of the capital section of the union, Avelino Fernandez.

The "internal" UOM spectrum widens with men close to Victorio Calabro like Gregorio Minguito and Ruben Dieguez. All this augurs a hard battle for the leadership of this union which has always prevailed in decisions of the union movement.

That is the reason for expectations surrounding internal movements in the UOM, trying to renovate its leadership for the time when union reorganization arrives.

The other battle between the traditional trade unionism leadership and the new groups took place in the Insurance Union assembly.

## Valle-Baez

There the victory went to the old guard of trade unionism. Ramon Valle, the head of that organization and a possible candidate for one of the four secretariats general of the unified CGT, managed to evade questions about his leadership from Jose Baez, one of the main leaders of the AGA, in a stormy meeting.

Valle received broad support at his union's assembly, obtaining a vote of confidence for his representation in the Insurance Union and coming out victorious from Baez' questions about his political and union stands in recent years.

Tomorrow the former CGT-RA must decide who will accompany Saul Ubaldini in the joint leadership of the unified CGT along with former members of the CGT-Azopardo, Alberto Triaca and Ramon Baldassini.

Perhaps Valle will be elected now after having revalidated his representation. He was the object of resistance by some leaders of the CGT-RA who favored Osvaldo Borda (rubber workers), Marcos Alvarez (state oil workers) and Juan Jose Zanola (bank workers).

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CSO: 3348/259

## AUTO WORKERS SEEK LEGISLATION TO PROTECT INDUSTRY

## Shortage of Imported Parts

Buenos Aires LA NACION in Spanish 23 Jan 84 p 17

[Text] There has been a sharp drop in production and sales in 1983--down 44 percent and 45 percent compared to 1974, the best year, according to ADEFA [Association of Motor Vehicle Manufacturers] figures. Another main concern of the automotive industry now is the possible shortage of imported parts that are indispensable for crucial stages of the production line.

This has already caused serious assembly problems for the enterprises in this sector because the shortage of parts manufactured abroad forces them to leave half-finished vehicles in storage--for lack of a carburetor, for example. It also forces them to interrupt the assembly of intermediate stages which complicates the situation much more from the industrial point of view.

## Snowball

The management and representatives of the sector state that "the problem is not new." In their opinion, the problem began during the Falkland Islands War and became worse with time. They explained: "The problem of shortages snowballed and is now a big, weighty problem."

They also indicated that, in some cases, the problem worsens because of "gaps" in the import system. One case is the serrated timing belts that replaced metallic chains in some models. Since the import of belts in general is prohibited because conventional belts are manufactured in this country, the import of serrated belts has become difficult, if not virtually impossible.

## Danger Signals

Importing automotive parts has the greatest risk for the automotive industry in the short term. Sources close to the enterprises and to ADEFA felt that "it can soon endanger the activities of some enterprises." They added: "It is even more difficult to deal with than the decline in profitability that is the necessary consequence of the price control system." That is the second most important question in the sector.

## Question of Prices

Analysts of the behavior of automotive production seem to be more concerned about the development of certain economic variables than control of the nominal prices of their products. They were authorized an increase of 8 percent on 16 January when the Secretariat of Commerce permitted increases for more than 70 enterprises because of higher costs generated by a rise in rates and wages.

They indicated that the main factors that conspire against profitability that would permit the "normal" development of the sector are the continued high interest rates and the possibility of a tax increase on production at the different stages of the industry.

They stated: "It is no secret that almost half of the retail price of motor vehicles consists of taxes." They showed figures like the ones ADEFA included in a report on government taxation on production. They indicated that 41.2 percent of the final average price of cars is taxes and 39 percent of truck prices.

Referring to past prices, the statistics show that they have not changed much. In 1982 that price was 52.5 percent of base 100 in 1960, a ceiling unquestionably established when the automotive industry began to produce nationally with strong protection which has not been achieved again.

The relative prices of motor vehicles were placed at an average level of 53.9 percent from 1970 until now. The slight difference is that current prices are 1.4 percent lower.

## SMATA Requests Protective Law

Buenos Aires LA PRENSA in Spanish 27 Jan 84 p 9

[Text] The minister of economy, Bernardo Grinspun, met with a delegation from SMATA [Trade Union of Mechanics and Related Automotive Transportation Workers] headed by its secretary general, Fernando Munoz. They asked him for a law for the automotive industry to really protect that sector of national industry.

They also asked him to establish an advisory committee for the automotive industry made up by the management sector, the state and the labor sector. This would determine the features of the new law aimed at maximum integration of national parts in the manufacture of motor vehicles.

They also requested revitalization of the manufacture and marketing of tractors and agricultural machinery through lines of credit that would permit their purchase and provide the farmer with the necessary technology to achieve better yields.

Keeping in mind the high price of motor vehicles, they asked for lines of credit to finance vehicles as an alternative in order to increase sales now restricted by the high interest rates in the finance market.



## Personnel

They also complained that the personnel employed in the automotive industry went down 316,400 employees, approximately 50 percent compared to 1974.

They said that during this period national industries were being dismantled and there was a strong recession. Therefore, it is impossible for the market to absorb the production that could be supplied.

## Short-Term Flexibility in Imports

Buenos Aires LA NACION in Spanish 28 Jan 84 p 12

[Text] Secretary of Commerce Ricardo Campero announced finalization of an agreement between the automotive assembly enterprises and the automotive parts firms. According to this, imports of automotive parts will be flexible for 90 days with the commitment to achieve, in the medium term, greater integration of national parts in automobiles assembled in this country.

Campero emphasized that, in this way, "a major problem has been solved with collaboration from the business enterprises." He pointed out the possibilities in dialogue between ADEFA representatives and the Coordinating Council of the Automotive Parts Industry.

The head of the latter group, Isaias Zylberberg, stressed that the agreement reached "is an intelligent opening" that takes into account the immediate needs of the assembly firms as well as general national interests. He stated that "if there was excessive integration in the past, this does not mean that the country should be paralyzed due to a foreign currency problem." Finally, he predicted that, within 60 days, there would be new meetings to analyze the future of the sector based on greater national integration in the units constructed here.

7717

CSO: 3348/259

## JOURNAL ADDRESSES GRAIN STORAGE, TRANSPORTATION DEFICIENCIES

Bahia Blanca LA NUEVA PROVINCIA in Spanish 10 Jan 84 p 2

[Text] When the countryside produces abundant harvests, there is a tendency for certain problems also to acquire a certain magnitude. In some cases, at least, these must be attributed to a lack of coordination among the sectors directly interested, or else to improvidence that later must be paid for at a high cost. It is known that Argentina still does not enjoy a storage capacity consonant with its productive volume. And worst of all, this disequilibrium has been accentuated in recent seasons due to the significant increase achieved in grain yields, both fine and coarse. One of the consequences of this situation is that the country could be obliged to sell its merchandise at a lower price than that which it would bring under normal conditions, because of the lack of space to store it.

It is not specifically to this aspect that we wish to refer, but rather to an experience that appears to be repeating itself in this area, according to expressions of concern that could be discerned in recent days among businesses devoted to storage. It was alleged in those circles that the rail enterprise has not carried through as hoped with its delivery of special trains to transport the wheat crop to the major storage installations, and especially to the port of Ingeniero White, from which it is shipped to foreign markets.

The nonfulfillment of such operations--always taking into account the claims of those sources--causes perceptible economic damage since the inability to provide a coordinated movement to the grain sector results in a kind of bottleneck that ends up in a pernicious recourse already known to agriculture in this area: leaving the grain outdoors. The deterioration implicit in this emergency system ultimately conspires against the national economy to the extent that an eventual decline in the quality of the grain as a result of the weather translates into a disadvantageous commercial operation for the country.

If it is a cause for celebration that for the second consecutive year Argentina has attained an extraordinary grain harvest with something more than 12 million tons, which could have been far greater except for the November dry spell, it is to be regretted once again that certain mechanisms

have not functioned with the desired effect within the whole. The experience of seasons past ought once and for all to act as a stimulating factor to prevent repetitions of a failure that ought to be banished.

Thus the worry recently revealed by representatives of storage companies is answerable. Just as on repeated occasions the rail entity brought its invaluable and efficient presence to bear in the mobilization of crops to storage and export points, it is clear that in the present circumstances of high yield its contribution ought to acquire the same importance. Surely the faults that are attributed to it at this moment can have resulted only from an involuntary stumble in the coordination of the dispatch of the special trains, a view that is reenforced knowing the effort and responsibility with which Argentine Railroads has traditionally assumed its role in these missions.

It is, then, definitively urgent that if such failures are indeed as they have been represented publicly, means be discussed so that with the dispatch required by this supremely important problem for the nation's economy the entire plan begin once again to function with the regularity which it never ought to lose. In this way, the results will benefit everyone, and it will not be necessary to return to the complaints and criticisms which have surrounded this question.

12372

CSO: 3348/235

## GRAIN PRODUCERS ALERTED TO SPECULATIVE PRICE SCHEME

Buenos Aires LA NACION in Spanish 19 Jan 84 p 15

[Text] Speculative maneuvers intended to produce a reduction in wheat prices were denounced in an Argentine Agrarian Federation communique, which detects in them intermediary opportunism in the face of the recent National Grain Council measure resulting in the abstention from cash purchases.

The resolution of the organism, which has presently directed that there be payment in 30 days--a consequence, according to knowledgeable sources, of financial maladjustments--has been taken advantage of by internal speculation--according to the entity--"in order to lower the prices to producers, offering 230 pesos and even less, when the last referred price of the council was 240 pesos per quintal."

AAF also denounces similar speculative behavior in the foreign market, pointing out that "wheat, which was being exported at \$136 per ton FOB, suddenly drops to \$129, without any other explanation for such an occurrence."

## Cats and Mice

In a meeting arranged with the head of the AAF, Humberto Volando, the latter referred to information originating from the south of Buenos Aires, especially from the area of Tandil, where despite the recent date of the official announcement, these offerings indicative of the situation have already been made. He described this as characteristic exploitation which certain arrangements make possible, and said that it reminded him of how "when the cat's away the mice will play."

He added that in any case the Economy Ministry as well as the Agriculture Secretary are now informed about the matter and that the most appropriate solution ought to emanate from those quarters.

"For the moment," he concluded, "we have recommended to the producers that to the extent that they are free from immediate emergencies, they not release their grain since this would favor such maneuvers."

It should be stated that yesterday resolution number 25,725 of the National Grain Council was recognized whereby the new floor price for a quintal of wheat is fixed at 247 pesos.

12372

CSO: 3348/235

## BRIEFS

GRAIN TRANSPORTATION ISSUE--A draft plan for the creation of a combined company to produce 100,000 tons annually of fertilizer from natural gas was endorsed by the Secretary of Energy for Fiscal Petroleum Deposits, State Gas and the government of the province of Salta. The construction of that plant--which would begin to function in 1989--forms part of an agricultural development program for the northwest region in which the state petroleum enterprise will also collaborate with a credit system for the acquisition of fuels--"gas oil" and lubricants--of which Salta producers of beans, corn, tobacco, sorghum and soy will be able to make use. [Text] [Buenos Aires LA NACION in Spanish 20 Jan 84 p 10] 12372

FERTILIZER PLANT--Representatives of member entities of the Association of Argentine Cooperatives of the Southwest of Buenos Aires and La Pampa met with the development zone head of the General Roca Railroad, Mr Jose Santiago Arias. The analysis of the situation put forward demonstrated the existence of a total request of operating trains for 225,500 tons, of which only 8500 have been loaded at present. Meanwhile, another 96,000 tons have been cancelled by Argentine Railways, in accordance with the application of the new regulation and 43,000 are confirmed by the above-mentioned national organism, but have not yet been fulfilled. Aware that the new regulation for grain transport registered under the denomination D-21/1 and in effect since 9 December 1983 has in practice yielded results contrary to the spirit in which they originated, according to the figures transmitted previously, it was seen as appropriate to return to the regimen of 1977, whose application gave optimal results in the transportation of cereal production. There was also requested a modification of the automatic cancellation of requests established in the new regulation, since such a disposition invalidates in practice the assignment of priorities in the supply of railroad cars. [Text] [Buenos Aires LA NACION in Spanish 19 Jan 84 p 14] 12372

CSO: 3348/235

## CENTRAL BANK REPORTS DROP IN FOREIGN RESERVES

FL091908 Bridgetown CANA in English 1849 GMT 9 Feb 84

[Text] Nassau, Bahamas, 9 Feb (CANA)--The Bahamas experienced a fall in its foreign reserves and a slowdown in the growth of tourist arrivals between July and September last year, the Central Bank has reported.

The bank in its quarterly review said the reserves dropped by 15.5 million dollars (U.S.) or 10.2 per cent for the quarter to 136.3 million dollars.

"However, this represents a significant improvement over the corresponding period last year when external reserves fell by 41.2 million dollars," the bank said.

The Central Bank said that the improvement in the balance of payments performance for the 1983 third quarter reflected a decline in the current account deficit of 23.8 million dollars, from the year--earlier level of 32.8 million dollars.

The trade deficit declined by 4.3 million dollars to 126.5 million dollars.

The bank estimated earnings from merchandise exports at 55 million dollars or 6.7 million dollars over the third quarter of 1982. [as received]

Non-oil imports were put at 116.7 million dollars, a decline of 13.3 million dollars or 10.2 per cent from the corresponding period the previous year.

Imports of oil were higher at 64.8 million dollars compared with 49.1 million dollars for the same period last year largely on account of an increase in foreign bunker of 10.6 million dollars. Oil imports for domestic consumption were up by 5.1 million dollars, the bank said.

Offshore companies contributed 21.6 million dollars to the domestic economy during the period under review, seven million dollars below that recorded for the corresponding quarter of 1982.

Commercial bank liquidity showed continued improvement in the third quarter, with average excess reserves up by 4.6 million dollars from the previous quarter to 15.5 million dollars or 4.4 million dollars over the corresponding period last year.

"The absolute level of reserves rose to 13.5 million dollars up from 12.2 million dollars in the second quarter," the report said.

Interest rates on deposits were generally up during the quarter under review, the average rate paid for savings deposits was up by 12 basic points to 6.83 per cent.

Average rates on three months' fixed deposits dipped by two basic points to 8.16 per cent. Rates paid on fixed deposits with maturities of up to six months, up to 12 months and over a year increased on average by 13 basic points, 5 basic points and 4 basic points to 8.59 per cent, 8.71 per cent and 8.90 per cent respectively.

Average lending rates were basically lower during the quarter, with the exception of residential mortgage rates which rose on average by 33 basic points to 13.51 per cent and rates on hire-purchase loans which increased by an average of 58 basic points to 18.52 per cent. [words indistinct] to 13.86 per cent. Interest rates on other consumer loans fell by 24 basic points to [figure indistinct] per cent, and rates on other local loans and advances by 9 basic points to 13.83 per cent. Overdrafts rates declined by 13 basic points to 15.31 per cent.

The average treasury bill rate dropped to 8.80 per cent from 9.52 per cent last quarter, indicative of an improved liquidity situation. The prime lending rate remained unchanged at 11.00 per cent and the basic bank rate at 10.00 per cent. "However, the actual rate charged on loans to commercial banks continued to fluctuate within the 11 per cent to 12 per cent range depending on the frequency and amounts of borrowings," the bank said.

The third quarter saw some slowdown in the growth in tourist arrivals from the previous quarter. However, compared with the previous year, arrivals at 551,540 were up by 13.1 per cent.

Air arrivals rose by 11.2 per cent to 287,720 and sea arrivals by 15.7 per cent to 263,820. The review quarter showed the usual seasonal decline in air arrivals, down by 10.2 per cent.

Sea arrivals which have always provided a boost during this quarter were also down, by 6.3 per cent.

Inflation continued to ease in the third quarter in line with developments in the U.S. economy. The rise in consumer prices slowed to 0.4 percent. In the preceding quarter and for the 12 months period ended September, stood at 3.2 per cent.

Food prices rose marginally by 0.6 per cent, a turnaround from the 0.5 per cent decline registered in the second quarter. For the year ended September, prices in this category edged up by 0.2 per cent, down sharply from 5.9 per cent a year earlier.

The downtrend in housing costs continued into the third quarter, with prices rising by 0.6 per cent as compared with 1.0 in the second quarter.

However, for the 12 months ended September, housing costs rose by 6.7 per cent as against 5.3 per cent a year ago, the bank said.

CSO: 3298/1124



BRIEFS

NEW ISRAELI ENVOY--Dr Me'ir Rosenne, the new Israeli ambassador to the Bahamas, presented his credentials to His Excellency Governor General Sir Gerald Cash at the Government House this morning. [Excerpt] [FL071845 Bahamas Domestic Service in English 1800 GMT 7 Feb 84 FL]

CSO: 3298/1124

## BRIEFS

DEPARTMENT OF TOURISM STATISTICS--Hamilton, Bermuda, 14 Feb (CANA)--Bermuda's tourist arrivals rose by five per cent last year, it was announced here. The Department of Tourism said a total of 567,710 tourists came to the island in 1983 compared with 540,805 the previous year. Tourists arriving by air numbered 446,864, a rise of 7.3 per cent, but cruise ship business was down by 2.7 per cent, the department said. There were 15,067 visitors in December, an increase of 2.6 per cent over the same month in 1982. The Bermuda Hotel Association reported an increase of business for the year with the average occupancy rate 63.9 per cent compared with 58.8 per cent in 1982. But tourists spent less time here. Average of stay was five nights compared with 5.2 nights the previous year. Bermuda's best tourism year was 1980, when more than 609,000 visitors came here. [Text] [FL141900 Bridgetown CANA in English 1810 GMT 14 Feb 84]

CSO: 3298/1129

## GOVERNMENT ACTION GIVEN AS CAUSE FOR CRITICAL WHEAT SHORTAGE

La Paz EL DIARIO in Spanish 11 Jan 84 p 1

[Text] The country is in danger of being totally without wheat and thus flour for the baking of bread as a result of an erroneous decision adopted by the former minister of industry, commerce and tourism, Humberto Mur, in an effort to convert grain donated by the United States, as provided by Program PS-80, Title III, valued at 10 million Bolivian pesos, into a "transport agent."

Given this situation, it was decided to take speedy measures during the emergency meeting at which the president of the republic himself presided and various state ministers attended, with a view to the purchase of flour or wheat from the republic of Argentina, making it possible to compensate for the acute shortage of this product the country might face beginning in February.

This information was provided by the interim minister of industry and commerce, Dr Jaime Ponce Garcia, during a press conference yesterday. This official explained that the erroneous decision led to a lag of approximately 3 weeks, as well as having also allowed the 31 December 1983 deadline established by the U.S. government to expire.

He emphasized that following that deadline, "the U.S. government notified the government of Bolivia, through the USAID, that 'its option had expired,' and that to renew it it would be necessary to accept new conditions pertaining to the sale price of the flour to be produced from this wheat."

This information, for which the Ministry of Industry, Commerce and Tourism was the source, stressed that "the short interim administration of Dr Ponce Garcia is in no way responsible for this unfortunate development, but with a view to avoiding any shortage of flour, emergency measures are being jointly adopted by the Presidency of the Republic, the Ministry of Foreign Affairs and Worship and the Ministry of Transport and Communications in order to guarantee a sufficient supply of this product for the country in normal fashion."

A little later Minister Ponce Garcia said that, in connection with the gift of American flour the country needs and wants to obtain, negotiations are being carried out with authorized representatives through the Ministry of Planning and Coordination, and that it is hoped that an agreement satis-

factory from the point of view of national interests will be reached in the coming days. He added that this agency will make every effort to guarantee a normal supply of this product on a national scale.

On the other hand, Dr Ponce Garcia reported that the current stock of wheat for national consumption, distributed throughout the various districts in the country, totals 31,780 tons. This is a volume which could guarantee the flour supply until the end of this month, but difficulties with serious aspects might develop in the month of February, while the necessary steps have not been taken.

He added that these steps have to do with the direct purchase of flour or wheat from Argentina, since at the present time this is the only country with the capacity to meet our requirements.

5157

CSO: 3348/245

## PEASANT CONGRESS TO APPROVE NEW AGRARIAN REFORM LAW

La Paz PRESENCIA in Spanish 18 Jan 84 p 5

[Text] Cochabamba, 17 Jan--The national peasants' congress which is meeting in this capital city today rejected the document issued by the Pro-Chinese Communist Party to the effect that the new draft agrarian reform law is an attack upon the interests of the majority sector in the country, since it does not reflect its historic aspirations.

The participants in the congress, with the rejection of this statement, indicated that this political group opposed the new basic agrarian law because "it is the servile tool of the Paz Estenssoro faction and the new ring of landowners who have seized vast areas in the eastern part of Bolivia and other districts." It was also noted that the 1953 law was betrayed by its administrators, and served only to make the rich richer and the peasants poorer.

The participants at the congress said that the new study is the product of discussions in the peasant communities throughout the length and breadth of the national territory, because it is a law which derives from the will of the agrarian masses themselves. It was said that for this sector, the new law represents a kind of state political constitution, which will be incorporated in the emergency plan of the Bolivian Labor Federation.

Genaro Flores, the highest leader, said during his address that whatever the enemies of the peasants may say, and whatever the reactionary political writers may say, the new law will be approved by decision of the more than 3,000 delegates who have come from all corners of the republic. He stressed that this congress marks a new historical stage for the revolutionary peasant movement in the achievement of their rights and aspirations to put an end to the new estate and average landowners, because the land will belong to those who work it, as the first article of the new proposal dictates. Various commissions were organized to study the points listed in the agenda. At the meetings, the study and assessment of the agrarian law promulgated in Ucurena in 1953 was begun.

The proposed basic agrarian law which was drafted by the federation's executive committee contains 10 chapters with 62 articles. The principles governing and the goals sought by the crop and livestock production units are set forth, covering joint work, production, marketing, capitalist production, peasant communities, the organization of the Peasant Crop and Livestock

Corporation (CORACA), rights to the land and priorities for allocation of it, establishment of the national agrarian council as the highest state body entrusted with the implementation of the new agrarian law, peasant organizations, peasant educational councils, the water resources system and agrarian regulations.

5157

CSO: 3348/245

## PRIVATE SECTOR POINTS TO FACTORS AFFECTING PERFORMANCE

Santa Cruz EL MUNDO in Spanish 8 Jan 84 p 7

[Text] The report entitled "The 1983 Legacy" says that in the trade sector, the problem of declining stocks and the impossibility of replacing them due to a shortage of foreign exchange is continuing to grow more acute.

It also says that the level of trade activity, liquidity and capitalization in the sector is declining, while smuggling and state interference in specific trade functions are increasing, and the government lacks definition where the main guidelines of its trade policy are concerned.

## Industry

It is impossible for industry to deal with the problems of increasing costs of supplies and raw materials, capital depletion due to inflation, increased smuggling, underuse of installed capacity, foreign currency debts, high interest rates and an insufficiency of available domestic credit and foreign exchange for the import of supplies.

## Customs Agents

It is reported that there is a declining trade flow for finished products and others, substantially reducing the level of the activities of enterprises in this sector. Smuggling provides a captive flow of goods for providing sectorial services and the shortage of foreign exchange is causing a decline in the foreign trade flow, paralyzing 60 percent of the sector.

## Exporters

This sector increasingly is discouraged from exporting because of the artificial overvaluation of the peso, the failure to apply the regulations for tax incentives for exports, and the excessive bureaucratic fees for obtaining permits.

It is additionally reported that the protectionist measures in foreign countries hinder Bolivian exports, and added to this is the failure to issue tax rebate certificates.

## Mining

Emphasis was placed on the growing discouragement of exports because of the artificial overvaluation of the peso, the decline in international prices for our products, the dwindling international demand, high operational costs and rise in production costs due to the excessive increase in electric energy rates.

Also, the unavailability of domestic financing, the reduced production, the lack of foreign exchange for the import of supplies and the attitude on the part of authorities which discourages planned investments in mining were other factors mentioned.

## Banking

There has been an increase in the overdue bills in domestic and foreign currency; bank rates increasing the costs of their services have gone up; a shortage of foreign exchange is making it impossible to honor commitments to foreign banks; foreign financial and trade operations are semiparalyzed; and there is no consistent legal structure for protecting and guaranteeing capital and the solvency of the institutions in the sector.

## Insurers

This sector is facing a continuing increase in overdue bills, a lack of consistency and ignorance of the proper interpretation of the legal provisions in the sector, a lack of foreign exchange allocations and the failure to implement a consistent policy of financial control efficiently.

## Agriculture

This sector does not have enough financial support to cover the costs of the 1983-1984 farm season, and also suffers from an abnormal increase in the cost of imported supplies, due to the high price of the black market dollar, a drastic decline in demand, lack of liquidity, inefficient functioning of the emergency farm plan and indiscriminate forestation.

Complete neglect of the existing roads, a price policy which is inconsistent with production costs, a lack of timely concern for credit problems, and a shortage of foreign exchange, as well as adverse weather conditions, are also problems.

## Construction

There has been a drastic shrinkage in public and private demand, an increase in costs because of the overvaluation of the peso and domestic inflation, lack of an adequate construction price adjustment mechanism, and failure to pay public and private debts in the sector.



## Consultants

There have been a decline in demand, a shrinkage of credit for the financing of pre-investment studies for the public and private sectors, absence of an advisory policy, and the imminent establishment of a state consulting office in violation of the law on adviser services and the law on the exercise of public administration.

## Automotive Sector

It is reported that the enterprises in the Bolivia automotive association are in a delicate situation, because of the foreign currency commitments they have contracted with foreign suppliers in connection with the high volume of credit allocations to the automotive transport sector in the country.

The sector also suffers from the prohibition on importing vehicles, the continuation of overdue bills, the shortage of foreign exchange and the annihilation of the sector because of the stepped-up policy of importing replacement parts through other than commercial channels.

5157

CSO: 3348/245

## CONSTRUCTION OF NEW PORT LINKED TO RAILWAY PROJECT

La Paz PRESENCIA in Spanish 20 Jan 84 p 9

[Text] The building of the Quijarro Port adjacent to the Tamengo Canal on the Brazilian frontier will cost \$9 million, Deputies Guillermo Capobianco, Carlos Valverde, Hugo Velasco and Pablo Steimback, sponsors of the law, announced at a press conference.

They said that the project, the location of which is in the Department of Santa Cruz, will allow real development for this whole region.

The head of the Regional Development and Integration Committee in the lower chamber, Guillermo Capobianco, also explained that the plan gives "the construction of the Quijarro bridge and the establishment of an executory committee, with legal status and autonomy in administrative, technical and financial management" national priority.

He added that the purpose of the proposal is to promote regular navigation to Caceres, La Gaiba, Mandiore and Uberaba Lakes, as well as the Paraguay, Parana and Salar Rivers, via the La Paz River, to the Atlantic Ocean.

"This project would be located in Quijarro, 1 kilometer away from the ENFE [National Railway Enterprise] Terminal in Puerto Suarez, on the Santa Cruz-Corumba line."

"It will be necessary to dredge the canal, to widen it to 60 meters in the low-water season, with a bank of 1.2 meters, a depth at the shallowest point of 1.7 meters, and a curve radius of 100 by 400 meters."

The port will be built with a floating-type dock equipped with modules, and the structure will be of welded steel. The initial handling capacity will be 150,000 metric tons of freight per year, and the final capacity will be 300,000 metric tons.

According to the sponsoring deputies, plans call for the installation of a gravity loading system at the port, utilizing a conveyor belt or a pipe system. The port will have a total area of 20,000 square meters, including an open-air storage area for ores of 8,000 square meters and a general cargo area of 2,000 square meters.

They said that the proposal "will lead to the implementation of two others, which will provide a supply of drinking water for Puerto Suarez and Quijarro and an industrial water supply for the Mutun Metallurgical Plant."

Finally, they announced that the Puerto Quijarro project "is related to the railroad interlinking plan being carried out by the Ministry of Transport and Communications and the National Railway Enterprise, for the purpose of promoting the development of the national metallurgical project on the basis of the exploitation of the Mutun iron ores.

5157

CSO: 3348/245

## IMPACT OF INFLATION, RECESSION ON MIDDLE CLASS DISCUSSED

## Standard of Living Declines

Rio de Janeiro JORNAL DO BRASIL in Portuguese 22 Jan 84 Special Supplement  
pp 1, 2

[Commentary by Alexandre Polesi and Ana Maria Tahan: "The Middle Class Leaves Paradise"]

[Text] For the middle class, the economic crisis had the effect of a war. From 1979 to 1982 it eliminated 360,000 Brazilians, who earned more than five minimum wages, transferring them to lower levels. That was a physical reduction in absolute numbers of 6.5 percent. Taking the increase in population during that period into consideration, however, another 540,000 persons failed to enter the middle class. That means that in 5 years 900,000 persons left or failed to enter the middle class, a decline of 16.3 percent by comparison with 1979.

The figures come from the National Survey by Home Sampling (PNAD) of the Brazilian Institute of Geography and Statistics (IBGE). They were interpreted by Professor Jose Tiacci Kirsten of the University of Sao Paulo, former technical director of the IBGE itself. Effects were more drastic among those who earned above the equivalent of 20 minimum wages. In 1979, according to the PNAD, 632,317 persons were in this category and 494,250 in 1982, a reduction of 138,067 persons or 21.8 percent. With the changes in population, 180,000 persons left or failed to achieve this category; a decline of 28.6 percent.

The survivors went from worry to tenseness and from tenseness to panic: "I have moments when I feel a wolf at the door," confessed a housewife interviewed last October by the Oglivy and Mather Standard Agency. The crisis reduced the real purchasing power of those earning up 30 minimum wages by up to 47 percent since 1979, according to the Order of Economists of Sao Paulo. Compelled to adopt a war economy, the middle class today, says another survey by Macann Erickson, feels misled by the pattern of consumption offered to it at the beginning of the 70's.

Their last two citadels fell in 1983: the middle class began to enroll its children in public schools--a fact confirmed by figures of the Secretariat of Education of Sao Paulo--and it began to reduce the quality, not only the amount, of its food. According to the same survey by Standard in October, housewives purchased less meat (73 percent of those interviewed), canned food (68 percent),

soft drinks (80 percent) and beverages (57 percent). Four hundred women from Sao Paulo, Rio, Belo Horizonte, Porto Alegre, Curitiba and Recife were interviewed by telephone.

### Wages/Consumption

The crisis began in November 1979 with the new wage policy, which according to Wilson Rabahy of the Order of Economists of Sao Paulo, sought "without success" to transfer part of the highest wages to the lowest. In June 1981, the Order of Economists began figuring a new economic indicator, the cost of living for the middleclass--ICVM--with factors different than those of the INPC [National Consumer Price Index]. According to its criterion, whoever earns from six (346,000 cruzeiros today) to 33 minimum wages (1,904,000 cruzeiros) is in the middleclass.

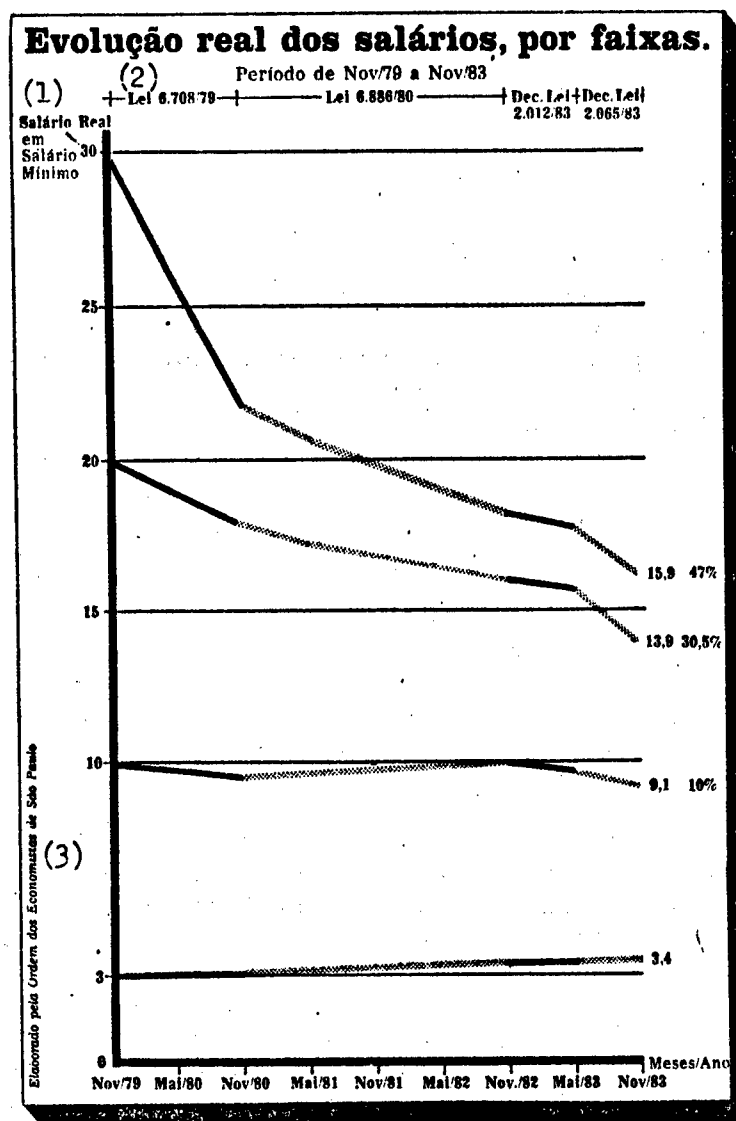
From November 1979 to November 1983, according to the Order of Economists, the middleclass lost 19.94 percent of its real purchasing power under the impact of seven types of wage policies in 5 years. Whoever earned 30 minimum wages, lost 47 percent; up to 20 minimum wages, he lost 30.5 percent and whoever earned up to 10 minimum wages, lost 10 percent. Wilson Rabahy reminds us that the middleclass represents 60 percent of the consumption in urban centers and in Greater Sao Paulo alone it is indirectly responsible for providing 500,000 jobs in the so-called "informal market" (hair dressers, seamstresses, gardeners, etc).

Because of the foregoing, the nature of its consumption changed. According to Rabahy, it now buys longer-wearing clothing, uses public transportation more, rents or buys houses in less exclusive districts, has no servants (or hires workers by the day instead of by the month), lunches in "executive" restaurants (lower prices) or makes do with a lunch.

In household buying, bulk items are once more sought, while loyalty to brands and packaging declined. The Pao de Acucar supermarkets--400 of them in the country--for example, perceived this trend and sell products without fancy packages or brands, but cheaper for that reason.

A survey made in July 1983 in Sao Paulo by the Proeme Campbell Ewald Advertising Agency, with 50 in-depth interviews with men and women of the A, B and C classes, revealed that today those interviewed believe the crisis is "drastic" and capable of "destabilizing the family." The greatest concern of the B and C class now is that of keeping their own house. Tension and isolation will increase, as well as a "feeling of inner sorrow" because of the impossibility of purchasing certain products.

The sexes became unstable and emotional imbalance increased, according to the same survey, reversing the tendency of the first years of the crisis, when marriages were more solid. Women feel less feminine, and they resort more, therefore, to the fantasies of novels or to housework. The abandonment of brands and products "depersonalized" the male, according to Proeme Campbell Ewald.



Real changes in salaries by sectors in period from November 1979 to November 1983.

**Key:**

1. Real salary in minimum wage equivalents.
2. Law 6,708,1979; Law 6,886,1980; Decree-Law 2,012, 1983; Decree Law 2,065,1983
3. Prepared by the Order of Economists of Sao Paulo

Whoever earned 30 minimum wages up to November 1979, today earns the equivalent of 15.9 minimum wages (a real loss in buying power of 47 percent). Whoever earned up to 20 minimum wages now earns the equivalent of 13.9 minimum wages (loss of 30.5 percent). Whoever earned up to 10 minimum wages, today earns the equivalent of 9.1 minimum wages (real loss of 10 percent). This study by the Order of Economists assumes that the wage-earner has remained in the same job during the period and received all the readjustments stipulated in the law since 1979.

In the A level, behavior was different, according to the same survey. Better informed, the persons in this level are more aware of the extent of the crisis and are taking advantage of it. They invest more in gold, dollars, open market; they reduce waste and save imported goods for their own use. Unlike levels B and C, they tightened the bonds between couples and see a teaching virtue in the crisis: "an excellent experience" for the children.

#### Parents/Children

For the young of these levels, the difficulties created great changes. A preliminary survey of 660 young people from 15 to 24 years-of-age of the A, B and "C" levels by the Mccann Erickson Agency in January showed that only 5 percent of those interviewed oppose the "ideology of the system." These are in the A level, while the 75 percent of the "integrated" come from the lower income levels and feel dissatisfied and want improvements in living conditions.

The survey showed that the young of Rio de Janeiro have more "modern" habits and those of Sao Paulo are more "conservative," particularly the women. A comparison with another survey made in 1978 revealed that the present children of the middleclass are more concerned with money, are aware of the decline in their standard of living and seek employment earlier. Unlike those of 1978, they value work, in the majority, and do not attribute so much importance to diplomas. They are more selective in their consumption and have fewer conflicts with their parents.

The parents, inversely, are filled--still according to Mccann Erickson--with "a feeling of guilt" for having imposed on their children a standard of consumption in the decade of the 70's which they cannot maintain now. They feel that they did not prepare the children for material adversity and they are sorry and frustrated at the "end of the dream" of conspicuous consumption. They feel "deceived" and they criticize the past and now complain of the "dishonesty of others."

These parents criticize, "as they have never criticized in the past," according to Mccann Erickson, the effects of advertising, and are more resistant to the seduction of consumption. They are sad that they cannot fill the requests of their children and they even deny them access to television and supermarkets. They ridicule the announcements which appeal to status and they become irritated with the supermarkets, previously their temples of consumption. They are frustrated with price markups which expose the decline in their purchasing power.

In compensation they are more demanding, they think more about buying a product, and they complain when it is unsatisfactory. They restore values such as the solidness of the family and the "temperance" of children. Another survey by Ogilvy and Mather Standard of 400 housewives in six capitals, shows a greater rationalization of expenditures and postponement of plans. Seventy-three percent of the housewives consulted in October revealed that the family postponed the purchase of an automobile (today it is traded in every 4 years), 60 percent postponed the purchase of a new house, 62 percent postponed vacations and 53 percent postponed having more children.

## Tourism

Of those who traveled abroad 5 years ago, 60 percent have turned to domestic touring, according to estimates of EMBRATUR [Brazilian Tourism Company] President Miguel Colasuonno. Today they go to Maceio ("rising star," commented Colasuonno) Fortaleza, Recife or Salvador, in addition to the north and to the mountains of Rio Grande do Sul (Gramado, Canela and Caxias do Sul). This year the number of highway and air passenger seats increased by more than 200 percent, reported Colasuonno.

In all classes, those who traveled for 2 or 3 weeks now only do so for 8 days. The "middle middleclass" prefers the historical cities of Minas Gerais and Foz de Iguaçu and the "lower middleclass" prefers agency "package" tourism. Tourism is one of the few activities which increased with the crisis and today represents a market of 4 million people, said Colasuonno.

## Education/Health

In 1983 education began to be sacrificed despite the fact that surveys indicated that the education of children is the last concession made by the middleclass. According to the São Paulo Secretariat of Education, the transfer of students from the private school system to the public system was obvious in the past 5 years. Growth of the private school system declined as of 1979 until it reached 8.39 percent in 1982. In the same period, the public schools system did the reverse: it grew .10 percent in 1979 and in 1982 it jumped to 5.57 percent.

In the high-level private schools, dropout rates increased 10 percent in the 81/83 period, according to the director of the traditional Rio Branco School of São Paulo, Norton Severo Batista (monthly rate of 80,000 cruzeiros). "Parents only withdraw their children when utterly broke, but the schools have sought to help those who have difficulties," he commented.

The level of health was also affected. The middleclass, however, protected itself much more from the effects of inflation on medical costs. The number of plans for individual assistance of the group medical insurance companies increased throughout the country; 150 percent by comparison with last year and today they serve 1.5 million clients, who pay an average of 12,000 cruzeiros per person so as to have the right to an operation or to childbirth without payments when necessary. The figures come from ABRANGE--Brazilian Association of Group Medical Companies, which contains 170 of the 300 companies of that sector in Brazil.

The crisis, however, affected private doctors, who saw their clients abandon their offices. "Those who used to leave their offices at 2000, now leave at 1700," commented cardiologist Otavio Coelho, professor of the University of Campinas (UNICAMP). There was an increase, however in seeking contracts with companies and university hospitals, according to him. "In compensation, those who go to the doctors' office are more demanding and more informed," he added.

"Today no one accepts submitting to an operation or surgical procedures without first consulting several doctors. People ask three questions: 'What is the surgery like?' 'What are its effects?' and 'What would happen if it is not done?'" says Coelho. He noted, also, the increase of persons aged 40 to 50 who go to the offices only to say they are going to take up a sport and whether there is something that would keep them from it.



Concern with health and worship of the body beautiful increased the frequency with which businessmen, liberal professionals and men and women in the age bracket of over 25 have become the clients of the body building academies. In the Marathon, one of the most sophisticated of Sao Paulo, 75 percent of the clients are in the 25 to 35 age group (unlike 1981 when young people below 25 were in the majority). At the same time, 10 percent of the present 1,500 members are industrialists and businessmen "who did not go to an academy previously," according to the owner of the Marathon, Joao Ernesto Jeuns.

#### Pessimism

In a public opinion survey made of 600 persons in Rio de Janeiro and Sao Paulo in October 1982, the Gallup Institute confirmed that pessimism registers rates of up to 100 percent in the highest economic level of the population. In the A Class, 100 percent in Rio de Janeiro believed that people generally will live in worse conditons this year by comparison with 1982. The general average in Rio was 89 percent.

To a direct question: "Are you facing more difficulties than a year ago?" 97 percent of those in Class A replied affirmatively; in B, 99 percent; in C, 97 percent; in D, 97 percent, and 98 percent in E, for a general average, still in Rio, of 97 percent. However, to the question "Is the economic situation in Brazil worse or better than in 1982?" there was a new unanimity in Class A: 100 percent believed that the situation was worse this year, while the overall average in Rio was 94 percent.

Noting that rates of pessimism are greater in Class A--the most protected against the effect of the economic crisis--Gallup Director Carlos Matheus said: "The crisis is more psychological than is thought. Recession with pessimism can cause a catastrophe; recession with optimism can provoke a reversal of expectations.

#### Politics/Economy

In the area of public participation, the austerity with which the middleclass faces present difficulties could also lead it to the adoption of a behavior of political austerity, according to an analysis of political scientist Bolivar Lamounier: "It will tend to be more liberal and demand more honesty and selectivity in the spending of public money. It could create an ideology close to that now shown by the Radical Civic Union of Argentina, although it could also, because of the disenchantment aroused by the opposition governments, open the road to 'fascist-like factions.' "

Economic level and wage decline of the middleclass is already causing, and will cause, profound changes in the appearance of Brazilian industry, said Professor Jose Tiacchi Kirsten of the University of Sao Paulo. The main one of them will be the replacement of the automobile industry in the role of the driving force behind Brazilian economic development, ending the historical cycle begun in 1956 with Juscelino Kubitschek.

With a small production because of the reduction in the income level of the middleclass, the automobile industry, according to Kirsten, is forced to increase the unit price of each vehicle in order to maintain the same level of sales, which explains the fact that the assembly plants are producing products, which are more and more sophisticated, and Escort, Monza, Santana automobiles in the midst of the crisis.

"The automobile will be more and more a luxury product destined not so much for the middle class but for the rich classes, who will replace imported vehicles with nationally-built vehicles. In this process there will be a wringing out of the autoparts industry," explained the economist. In this context, economic resurgence, which Kirstner foresees for 1985, could cause the emergence of a new middleclass based on two sectors: civil construction (which will have a large role in society because it will answer to the demand for housing and because it is labor intensive) and agriculture, which is still little exploited.

According to Kirsten, it will be primarily the development of agriculture that will lead to the creation of a middleclass in the interior, "deflating" the large cities and increasing the demand for cultural recreation (more theaters, cinemas, etc.) liberal professionals, and members of the so-called "informal market," or gardeners, domestic employees, and so forth, in the smaller cities. This middleclass, however, will necessarily be "more realistic."

"The phase of consumption of the 70's--not to be confused with conspicuous consumption--has ended. The 'miracle' has been buried and will never return. The new middle class will adopt consumption patterns closer to reality," said Kirsten.

#### Unionism

In terms of social and economic transformations which the middleclass experienced previously, the middle class today is represented by a unionism that is a phenomenon which gained impetus between 1978 and 1979. The unionism of the middleclass is a new fact in Brazil and is directly linked to the trivialization and loss of prestige of the university degree at the beginning of the decade of the 70's.

That observation was made by Professor of Political Science of the University of Sao Paulo, Leoncio Martins Rodrigues, a sociologist and author of the book "Work and Urban Conflict in Brazil." Therefore, it is a matter, he argues, of a unionism which represents declining sectors of the higher classes, those who struggle to maintain their status and not fall even further in the social scale. It is a situation which is the reverse of that of manual workers, which represents the groups seeking to rise.

It is also a unionism with less power of pressure. The strike is the main weapon of union struggle, said Rodrigues, but for doctors, professors, public officials, office workers and other categories, work stoppages affect the users of their services more than it does their "boss," the State.

Therefore, a strike in those categories has a value that is more symbolic than useful. The trend in middle-class unionism is to become more and more politicized, which does not mean inclination toward any particular party, explained the sociologist, and it does not limit itself strictly to the corporative struggle.

In the long term, middleclass unionism tends to be more radical; however, Leoncio Martins Rodrigues cannot say whether it will have greater or less influence on Brazilian unionism in general. He said only that the intellectualized sectors of Brazil have more influence in the union movement than in other countries.

### Sex/Cinderella

The "Mariazinha Syndrome" is the most important sexual behavior noticed in the past 3 years by sexologist Martha Suplicy, who will publish a book on the subject next year with that title. "Mariazinha" is a middle, middle middle or lower middle-class woman, who is unhappily married, and who for various reasons began to feel sexually oppressed by her husband but is incapable of freeing herself from that situation because she does not work and has no economic freedom.

The "Mariazinhas" average 20-years-of-age, tend to live in small cities rather than in the larger ones and are responsible for one-third of the 50 letters Martha receives daily because of her program "Sexual Behavior" on REDE GLOBO. They are a lost cause: "I do not know what to say to those persons. They are desperate and are very difficult cases," mourns Martha.

Other behavior noted by Martha: sexual confusion is on the rise. Men have been brought to task for their attitudes and do not know how to react. Machismo is still strong in all classes, but women still view feminism as something "frightening" and strange. There is an even strong persistence of the "Cinderella Myth" among the middleclass, the woman who dreams of being supported by the ideal man. Among typically middleclass women, sexual information is still based on magazines such as NOVA, according to Martha. "Twenty years ago the magazine CLAUDIA taught how to make a pineapple cake to 'hold' your man, today NOVA teaches how to have three successive orgasms. Today woman is that cake," she says.

### Suicide

The economic crisis, meanwhile, makes fear of unemployment an unexpected factor in suicides in Sao Paulo. A survey by the Center for Studies in Extentionalism and Psychotherapy revealed that of 612 persons attempted suicide in 1982 (lower middleclass and even laborers), 43 pointed to unemployment as the main reason for their attempt. "In the 1978-1979 period, of a total of 1,020 cases of attempted suicides, no one mentioned unemployment as the reason," said Psychologist Valdemar Augusto Angerami, who directs studies on suicides on the basis of cases sent to three hospitals of the Sao Paulo public system.

### Families

Dismissed last September from ENGEVIX, a consulting company in Sao Paulo, civil engineer Hugo (he did not want his surname revealed) had to resort to a menial job to survive. Today he is a seller of shellfish. He sells shellfish, sea urchin roe and octopus to 30 restaurants in the capital of Sao Paulo and makes the same salary as an engineer.

His greatest fear is that his two sons will be forced to tell their friends that their father is a seafood salesman. That is why, even when delivering seafood (provided by a merchant friend in Santa Catarina), Hugo passes himself off as a civil engineer. His greatest sorrow is with his profession: "I threw away 20 years of study and my ideal. I am disillusioned with my profession."

Married, 32 years-of-age, Hugo worked for ENGAVID for 7 years. In recent months he knew he would be fired. When it took place, he invested his severance pay in a pickup which he uses for deliveries. In his new job he earns almost as much as he earned as an engineer (nearly 700,000 cruzeiros). The loss of status did not bother him: "I always had a hard life. Having to carry a box does not bother me," he says.

Another civil engineer, Mitihiko Yamate, 34, married, one daughter, is in a worse fix. Dismissed from an engineering office in 1981, he looked for work for a year. When he was working he earned the equivalent of a million cruzeiros, which insured a family income (with the help of his accountant wife) equivalent to 1.5 million cruzeiros.

Today the family lives on only the woman's salary (nearly 500,000 cruzeiros, of which 210,000 goes to make the payments on their house). With the help of his parents Mitihiko opened a home meal restaurant which is yielding no profits. His greatest fear now is that "of falling lower in social standing." He removed his daughter from a swimming course and will have to enroll her in a public school. He voted for Franco Montoro of the Brazilian Democratic Movement Party (PMDB) in 1982. "I would not vote for anyone today," he said.

#### Families

The loss of social standing was admitted by Fabio Cesar Neto, retired, 63 years-of-age, former chief of production of Caterpillar. He was dismissed a year ago because he had reached retirement age. He likes to remember "how good it was" in the time when he felt he belonged to "Class A." Today he considers himself as belonging to "Class C."

He refused to have his picture taken, despite the fact that this is his favorite hobby (almost abandoned). "I would like to be photographed as a winner; I do not want to appear as only a fighter," he said. Today Fabio lives from the investment he made of his severance pay, his 220,000-cruzeiro retirement pay and the earnings of his wife. Altogether his family income approaches a million cruzeiros per month, less than he made when he was working for Caterpillar.

He abandoned habits he loved: no more automobile trips, he does not eat out and almost never buys photographic materials. "We have to accept life," he said, resigning himself to his situation.

#### Cinema/Literature

Recession has not yet reached Brazilian Literature; however, the middle class resulting from the decade of the 70's left its mark in the subject matter, as well as in the level of consumption, said critic Fabio Lucas. For example, the short story vogue, was "a substitute for literary education and entered into the circuit of consumption of the 70's because it was easy to obtain and easy to understand." The short story, says Lucas, is today what the sonnet was in the last century: "An expression of popular literature."

On the level of subject matter, "the rising middleclass" of the 70's is the one which can be seen in the short stories by Ricardo Ramos, which show the world of advertising and social mobility ("Chant for the Deaf," 1977; "Closed Circuit," 1978, "The Inventors are Alive," 1980). Conspicuous consumption, according to Fabio Lucas, was presented in the short stories by Ignacio de Loyola Brandao ("Monday Heads") and particularly "Bebel, who the City Ate."

This production, which Lucas completes with other examples such as "Animal of the Mountains" by Marcia Denser and "Seminary of the Rats" by Lygia Fagundes Telles, followed that which showed the world of the "descending middleclass," shown in its terminal phase by Rubem Fonseca and Dalton Trevisan, but which have their roots in distant examples such as "The Rats" by Dionelio Machado or the works of Otavio de Faria, Cornelio Pena and Lucio Cardoso.

The present crisis appears in contemporary production, although marginally, according to Lucas. It can be seen in "Among Friends" by Luis Vilela. In this book a group of young university professors ("the intellectual elite of the middleclass," according to him) reveal their dissatisfaction with their love lives in the midst of pseudointellectual conversations. Another case is that of "Mildewed Strawberries" by Caio Fernando Abreu, "a violent picture of existential dissatisfaction from the previous generation to the present."

#### Cinema

In compensation, the middleclass today is not the subject of Brazilian cinema, according to critic Ismail Xavier. "The cinema dealt more with the middleclass between 1965 and 1969, for example, in 'Public Opinion' of Arnaldo Jabor, a documentary in the style of truth in cinema. At that time there was a systematic effort to think middleclass," he said. Today the interests of Brazilian cinema are well diversified, according to Xavier. There is the historical subject ("Gaijin, Parahyba, Man Woman," by Tizuka Yamazaki), bedroom farces ("Millionaire and Ze Rico" of Nelson Pereira dos Santos), concerns with the female situation ("Sea of Roses, Take Heart" of Ana Carolina).

The most important middleclass subjects of recent years in Brazilian cinema, according to Ismail Xavier, were based on Nelson Rodrigues. Such was the case of "Conjugal War" by Joaquim Pedro de Andrade (1975) or "All Nudity will be Punished" by Arnaldo Jabor (1973), or "The Deceased" by Leon Hiszmann (1965). At this time production based on Nelson Rodrigues are "very few in terms of the cinema," commented Xavier.

#### What the Middleclass is

One of the dilemmas of contemporary sociology is that defining the middleclass is also more complex in Brazil. Its lack of definition is more accentuated than in countries with similar characteristics such as Argentina, Chile or even Mexico, said sociologist and secretary general of the PT [Workers Party], Francisco Weffort.

The strictly economic criterion is not enough, according to Weffort. It is necessary to observe "the mentality" of the group under study. "A teacher who

earns 100,000 cruzeiros per month identifies herself more with the middleclass, while a toolmaker who makes 500,000 is closer to the laboring class," he believes.

The public opinion research institutes of Brazil generally adopt a single standard prepared by the Brazilian Association of Advertisers and the Association of Market Research Enterprises [ABA and ABIPEME, respectively]. The ABA-ABIPEME criterion classifies families from A to E, according to the level of education and the products they have in the house.

A head of family with a degree, a radio, television set, automobile, washing machine, servant and a bathroom in the house is in Class B. The same family, if it has two radios, a vacuum cleaner and two bathrooms, would be in Class A. The director of the Carlos Matehus Gallup Institute hazards a description of a middleclass family:

"It is that family whose freedom of purchases is restricted, unlike the rich who do not need to program a budget for a larger purchase or the poor whose income only insures survival without any surpluses."

#### Lost Substance

Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Jan 84 p 10

[Text] Inflation strikes out blindly but specifically hits the middle class because of the very ambivalent nature of that large sector of society. In the case of Brazil, the policy adopted with the intention of realizing a transfer of income has only accentuated that aspect of social punishment. Indeed, the 1979 wage policy took away purchasing power from the upper levels but did not manage to transfer it to the lower levels because of the elementary reason that inflation is socially perverse. It was easier to reduce the purchasing power of the upper section of the middleclass than to make the lower wages enter into the area of consumption. Never could a wage policy be the instrument for transferring income in an open race between wages and prices.

The last National Survey by Home Sampling (PNAD) of the IBGE confirms what had been felt and which surveys had been indicating: the loss of position of the upper strata of the middleclass. Between 1979 and 1982, no fewer than 360,000 Brazilians earning more than five minimum wages per month were flattened by inflation and could not be saved by the wage policy which nominally is favored with increases above the INPC [National Consumer Price Index].

The loss of substance of the middleclass was brought about by means of the wage policy and unemployment. The experience of wage increases with the transfer of income was dramatic for the companies and led to unemployment. It is estimated that a million persons left the middleclass or failed to enter it during the period. The consumer market also felt the decline in wage earners who made more than 20 minimum wages per month. The level which reaches up to 30 minimum wages suffered a reduction of 47 percent in its real buying power.

The crisis is revealed in the mirror of society. The middleclass transferred its children from private to public schools. Clothing and food are placed within austerity budgets. As long as there is even the slightest hope of a return to the previous situation, there will be trust in the economy and politics. There is no family in the Brazilian middleclass that does not have at least one unemployed as a witness to the crisis. It was that numerous and manifold Brazilian middleclass which gave a social base to 1964 and now gives the stability of its guarantee to the normalization of the regime through democracy. It is on the middleclass, therefore, that political stability depends. The direction in which the middleclass leans will have the greater or lesser democratic impact. Political stability depends, therefore, on the solution to the economic crisis beginning with the curbing of inflation.

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## INTERIOR MINISTER'S ELECTORAL STRATEGY, PROGRAM DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Feb 84 p 5

[Article by Carlos Chagas: "Andreazza Plays By the Rules"]

[Text] Among the presidential candidates, Mario Andreazza has the simplest campaign strategy. He launched his candidacy within the present rules of the game: indirect election, by an electoral college in which the PDS [Social Democratic Party] has a majority of votes. So he is concentrating on winning over the delegates in the PDS convention in September, which will nominate a candidate to be submitted to the electoral college in January.

Andreazza is not formulating and not anticipating paths of action for other eventualities, either the reestablishment of direct elections or a continuation of his campaign even if he does not win the nomination of his party. In that case he would simply acknowledge his defeat and wish good luck to the victor, be it Paulo Maluf, Aureliano Chaves or Marco Maciel. He refuses to appeal to "jus sperniandi"; he stresses that democracy means competing to win or lose and even appeals, if he is not nominated, to his coreligionists to unite behind the winner. As a member of the government, he is cautious with his comments, which are almost always made in confidence. He did not, however, like Minister Leita de Abreu's statement that, if Paulo Maluf won the PDS nomination, he would be defeated in the electoral college. The interior minister thinks the rules must be strictly observed. He is not filled with love for Paulo Maluf, but if Maluf wins, he must carry off the victory. Andreazza would not like to have similar tactics used against him if he wins the convention nomination and he would not wish to see them used against others. He has made no pact with the former governor of Sao Paulo, but he has already said, more than once, that the victor must be respected.

Or else, the rules of the game must be changed. As long as they remain, however, they must be observed. Regarding direct elections, for example, he does not hide his opinion: he favors them and would even prefer to run in them. Without false modesty, he feels he is popular because of the work he has accomplished since he held the Ministry of Transportation, in the Costa e Silva and Garrastazu Medici governments, and now as interior minister in the Figueiredo administration. He would be happier with platforms than with the pronouncements that are being made now. He reiterates, meanwhile, that it is not up to him to change the institutional framework, because he is neither a deputy nor a



senator. If the congress came to approve a constitutional amendment reestablishing direct elections, he would continue to be a candidate and would seek the nomination with the same zeal. Because he does not think in terms of possibilities, seeing himself as more a pragmatist than a theoretician, a "doer of works," not an engineer or an architect, he feels it is better not to waste time on speculation.

Andreazza also holds the obvious position that if the election is to be decided by the PDS convention, his attention should be devoted directly to the PDS convention. He does not accept the theory that a presidential candidate must separately obtain popular support or the support of various segments of society, which would then pressure the convention delegates. To admit this as a serious strategy would be, to begin with, to disparage and humiliate the official party delegates who were chosen long before to make the decision. Or don't they also represent society and public opinion? At least, this is what the rules of the game dictate.

According to Andreazza, the PDS convention will respond to the candidate who presents the best platform and who has done the best work, the one who has demonstrated his reliability in his past career. To dispute the authority of each of the 773 convention delegates, to imagine that they have no sense and will cast their 963 votes under pressure from groups and individuals without any specific mandate, would not only confuse the process, it would undermine it. It would dangerously distort it.

In Andreazza's words, popular support cannot be dissociated from the support of the convention delegates. Such dissociation cannot exist as a premise, since the delegates are not extraterrestrial. They were not born on Mars or Venus; they are part of the national community. If they prefer an "executor of works," someone who guarantees an immediate return to development as the way to end the crisis, the undeniable conclusion must be that they are speaking for the majority. They are almost all senators, federal deputies, state deputies, councilmen, mayors and governors. They were elected in 1982, receiving legitimate popular mandates.

The conquest of public opinion as a separate preliminary step, or as a condition of the conquest or the behavior of the convention delegates, does not work for the interior minister, because the system is like the body's circulatory system. It is a two-way path. Furthermore, in his opinion, promises do not generally win extensive and enduring support. They are usually deceptive. Only reality, actions and results, can give one individual more real popularity than another. Andreazza's greatest attention today is directed toward the PDS convention delegates. Once elected, as he hopes to be, and put in office, then he will give priority to winning over public opinion--the 1985 version--as, again without false modesty, he feels he has won it during all his years of dedication to public life: through achievements, works and acts already accomplished.

This, then, is Andreazza's strategy for the time when he assumes the presidency of the republic on 15 March 1985.

"I will be a surprise," he says in the rare moments when he allows himself to speculate on the future. He notes that 42 percent of Brazilian families live

in poverty, with a per capita income of one-fourth to one-half the minimum wage. This situation must be swiftly changed through basic social reforms, capable of reaching the foundations of the existing structures, of altering the thinking of those who are managing to get along today and who do not feel responsibility for the hunger, poverty and ill health of the others. The Brazilian problem lies both in the creation and the distribution of wealth. As minister of the interior, Andreazza sent a broad draft bill to Planalto Palace, which forwarded it to the congress, regulating the social use of urban land, in which the social meaning of property is emphasized and guaranteed. One of his first actions as president of the republic will be to seek passage of the bill, through debate and discussion, into law.

At the same time, he will attack the problem of unemployment through public works on the outskirts of the major cities, coupled with the expansion of the civil construction industry. He has projects for the interior, some of them already being developed, in the area of MINTER [Interior Ministry], and others in the congress or in his advisory council, awaiting conditions for their implementation. He is not asking them to accredit his proposal for radical reform in the country now, but to wait. He has no doubt that, once this general goal of his government is made public, the campaign to discredit him will be even greater than the current ones.

He is not hesitant or afraid to say that, in addition to the programs already being implemented, something of huge dimensions is needed to solve the problem of the northeast. If it proves feasible, he will undertake to divert a part of the Sao Francisco River. In addition to guaranteeing employment and dynamizing the nation's private enterprise, this would make it possible to produce an abundant food supply, a basic necessity for our economic stabilization.

Andreazza notes that, despite all the criticisms, it is great projects which produce great effects. Obviously, they must be planned in accordance with the economic-financial possibilities, without wastefulness and always taking into account their repercussions on inflation and on the debt. As he says, however, he does not regret having carried out the Rio-Niteroi bridge or Transamazonica projects when he was transportation minister. One need only ask any "Carioca" or "Fluminense" how he would feel if there were no connection between Rio and Niteroi across Guanabara Bay. Ask, not only the inhabitants of the Amazon region, but the thousands of southern farmers who are now planting or raising cattle in the Amazon region after the jungle was opened from the east to the west. What do they say about the Cuiaba-Porto Velho-Manaus highway? Didn't all these works open new frontiers for the country? Would we accept it today if we could only reach the capital of Amazonas by plane or ship, as it was before? Would we accept it if cargo and passenger transport in one of the most important states or the region were still choked?

Within what he defines as the foundation of his strategy, the candidate also reacts to criticisms that while he is campaigning he is simultaneously inaugurating projects and allocating Interior Ministry funds to the various states to confront immediate or chronic problems.

"Do they want me to shut down the Interior Ministry because I am a candidate? Do they want me to leave regions and states in need, to suspend programs in

progress? I would then be under greater attack than I am now for zeal and radicalism. And if the law determines that I must resign the office 5 months before the election, I will do so. I will continue to be the minister as long as I have the trust of President Joao Figueiredo, but at no time will I mix or confuse ministerial activity with my candidacy. This is why I accepted the offer of friends to set up a campaign office away from the ministry and to seek the support of the convention delegates from that headquarters. Now, if the states want to demonstrate their support for me when I go there in an administrative capacity, it would be absurd for me to attempt to be seen as spurning that support or to insult anyone."

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## PROBLEMS BETWEEN FIGUEIREDO, CHAVES REPORTED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Feb 84 p 4

[Text] Brasilia--As he intensifies his campaign and makes more detailed pronouncements on the nation's reality, Vice President Aureliano Chaves will find it difficult to maintain the tenuous tie that he still has with President Joao Figueiredo, a tie that can be seen as one of personal respect, but distant and of a highly institutional nature. If General Figueiredo intercedes openly or even quietly in favor of the candidacy of Minister Mario Andreazza, his relationship with the vice president will tend to deteriorate, going from a state of latent incompatibility to a real break, without concern for the political consequences.

The difficult picture of relations between General Figueiredo and Vice President Aureliano Chaves is admitted by intimates of Planalto Palace and Jaburu, but is never commented on publicly. It is important to keep up appearances, at least until the succession process is definite, although this may be precisely the problem that created bitterness between them.

Aureliano complains that he was not given due consideration, although he was the only one of the presidential hopefuls who respected the president's coordination work, whereas Maluf and Andreazza openly competed for votes. The vice president was bound by a commitment from which Figueiredo had already released himself, without communicating his decision to Aureliano.

Meanwhile, Aureliano's candidacy has strong sympathizers among President Figueiredo's direct aides, who justly note the ethical character, administrative capacity and leadership of the former governor of Minas Gerais. Although they have not stated their personal positions and have remained faithful to President Figueiredo's alleged magisterial position, it is said that ministers Leita de Abreu and Rubem Ludwig are in sympathy with the vice president's candidacy. In the second palace echelon, Aureliano's defenders are no longer hiding their irritation at the polarization within the PDS [Social Democratic Party] between Maluf and Andreazza, while the vice president has been relegated to the background. The vice president was alerted, and reacted by officially announcing his candidacy, knowing it would mean the veiled hostility of General Figueiredo.

Aureliano Chaves talks little with Figueiredo, but when he does he is frank, speaking eye to eye and leaving no room for varying interpretations of his

actions and words. He has already told the president what to expect. His reaction will be one of strong condemnation if he finds that the succession process is not being conducted impartially.

Relations between Aureliano and Figueiredo worsened while the president was away having heart surgery. The vice president took the reins of leadership at a critical moment and immediately reestablished official credibility. In that period, in Cleveland, Gen Octavio Medeiros, chief of the SNI [National Intelligence Service], informed Figueiredo about the independent action of his surrogate and about the indictment of one of his sons in the Capemi scandal.

There were intrigues fostered by third parties to come between the two men, as had previously happened in the case of the French priests, which Aureliano turned over to the court for final consideration, without listening to the radical group in the government which wanted pure and simple deportment. Leitaõ de Abreu's recommendation that Aureliano assume the office when Figueiredo had his heart attack in September 1982 is seen in the palace as testimony to the vice president's loyalty to the chief of state. The prospect of the succession process and President Figueiredo's announced personal preference for the interior minister's candidacy have aggravated the differences between the president and vice president, now with elements of contrast between the working style of the two men and the alacrity with which Aureliano took on government matters, requiring the presence of the ministers at the palace and taking Delfim Netto on working visits for the first time. Aureliano's later alliance with Helio Beltrao, who is also critical of the government's economic policy, was another reason for General Figueiredo's dissatisfaction.

In official terms, through spokesman Carlos Atila, Planalto Palace denies that there is any strain in relations between President Figueiredo and Aureliano Chaves, but the absence of the vice president on the recent presidential visit to Minas Gerais aroused speculation to the contrary. There was a high enough ceiling for the plane to take off, but Aureliano said the weather was too bad for travel, later adding that he had prior political commitments. The government is concerned with avoiding an aggravation of the disagreements between Figueiredo and his vice president, and also with denying rumors which serve the interests of third parties in driving the two men apart.

6362  
CSO: 3342/67

## MILITARY INFLUENCE ON ELECTORAL COLLEGE VOTE DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Feb 84 p 4

[Text] The military ministers will be in a position to influence the votes in the electoral college which will meet in January 1985 to elect the new president of the republic, although the armed forces, as institutions, are not disposed to become involved in the process of selecting General Figueiredo's successor. The observation came yesterday from a high-ranking general officer in active service, analyzing the influence of some military ministers on many members of the electoral college.

By the officer's assessment, the military ministers could guarantee from 30 to 40 votes for a candidate. According to the officer, of the four ministers, Aeronautics Minister Delio Jardim de Mattos may be in the best position to bolster the position of a candidate if the system of indirect election is maintained.

The importance of the aeronautics minister, should he decide to influence the election of a candidate, was explained by the officer as owing to the fact that the minister moves well not only among PDS politicians but also among those of the opposition, and even has credibility with Ulysses Guimaraes, president of the PMDB [Brazilian Democratic Movement Party]. A specific fact was cited: in Parana, where the most traditional politician in the last 20 years is Ney Braga, former governor and a classmate of the aeronautics minister, General Jardim has made a point of maintaining cordial relations with opposition politicians. Jose Richa, the current governor, was received by Jardim in his office in Brasilia when the governor was only a congressman and was not yet even a candidate for state governor.

Gen Walter Pires, minister of the army, also has ties with congressmen, not so many as the aeronautics minister but more or less on a par with Navy Minister Adm Maximiano da Fonseca. Brig Gen Waldir Vasconcelo, minister-chief of the armed forces general staff (EMFA), has a personal relationship with some politicians, although he maintains an apolitical position.

The military ministers already have statistics indicating the preference of some military echelons for candidate Aureliano Chaves, followed by Paulo Maluf and Mario Andreazza.

## BRIEFS

AVIBRAS FIRING CONTROL EQUIPMENT--AVIBRAS of Sao Jose dos Campos, the major rocket manufacturer in Latin America, has signed a contract with the army to produce the first series of firing control equipment for the newly created 4th and 11th Antiaircraft Artillery groups. The firm submitted the winning bid to the Army War Materiel Department. The equipment is sophisticated and involves the latest technology in the field of radar, computers, antennae and precision machinery. AVIBRAS guarantees that it will present a system superior to those existing on the international market. The Technical Advisory Committee for the Antiaircraft Artillery Project, created last year, will oversee the manufacturing and testing. According to the Army Ministry, in addition to meeting the needs of the military, the new equipment could be a "valuable item" on Brazil's export list. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Feb 84 p 5] 6362

CS0: 3342/67

## MOTIVES BEHIND MRP'S OPENNESS, MODERATION QUESTIONED

San Jose LA NACION in Spanish 12 Jan 84 p 14A

[Editorial: "The Fight in the MRP"]

[Text] The agitation within the Popular Vanguard party has been so spectacular that another internal confrontation in the People's Revolutionary Movement (MRP) almost passed unnoticed. In fact, the secrets of the tension and conflicts in the old Communist Party have always been handled with such concealment that all the interest of public opinion could hardly fail to be attracted by the maneuver involving the removal of Manuel Mora Valverde and his replacement by persons regarded as representing a more radical line. But even more than that, the fact that events are suddenly taking an unexpected turn with the dismissal of one of the main figures in the coup directed against the Mora Valverde brothers along with the possibility that the latter may return to power continues to make front-page headlines "in spite of itself." However, the excision in the MRP is being performed coincidentally with these lacerations in the Popular Vanguard and this leaves the feeling that at least among the majority of the members of the United People coalition, which elected four representatives in the last elections, there are slight stirrings the effect of which may be difficult to foresee within the framework of Costa Rican politics.

According to published reports, the MRP in an extraordinary convention made clear what was implied in two previous conventions: the abandonment of Marxist principles from the dogmatic viewpoint and of the objective of changing society by violent means. The reports say that the MRP has resolved to abide, as a party, by the characteristics and the game rules of the Costa Rican democratic tradition and aims at the modification of social and political structures through persuasion and elections and not through armed action.

So far, so good, although there is still the feeling that this is a change in tactics and not basically in convictions. However, the statements made by the MRP managers reveal between the lines some interesting characteristics of that party. At that moment, all of its members were making a great effort to convince the country that, if the MRP once had subversive intentions, those tendencies had been completely eliminated and all of its members stood for a struggle to be conducted under the game rules of "bourgeois" democracy,



which though imperfect, provided sufficient political room for the development of their activities.

Now we learn of the decision of the MRP conventions to abandon the secrecy forced on the party by previous orders and which, according to its managers, it never observed, and of the desertion of a group of its members from its ranks because they did not agree with this peaceful, nonmilitant option.

In a word, this a posteriori approval with respect to which three conventions have been necessary to convince the members that the party's activities are no longer to be conducted underground at the same time when the party is sending representatives of the people to the congress, is a warning to the country that there are sectors of the far Left in which a curious opening up process is taking place, depending on who the persons are for whom they wish to project an image that is pacifying or belligerent. Even now the managers themselves confirm this impression when they are asked if the new posture implies abandonment of the armed struggle. The answer is that that depends on the attitude assumed by the "conservative forces" and that it would show a lack of responsibility to be unprepared. This leaves a bittersweet taste in the mouth with its implication that the abandonment of Marxism and the conduct of activities out in the light of day are dictated by considerations of convenience and not so much by a mental process that goes back to the roots of Coast Rican history.

8089

CSO: 3248/389

## PAISA CANDIDATE STRESSES PRODUCTION OVER REFORMS

San Salvador EL DIARIO DE HOY in Spanish 26 Jan 84 pp 3, 24

[Text] Higher production is the only solution to the basic problem of the lack of confidence and security in our country, asserted Col Dr Roberto Escobar Garcia, the presidential candidate of the PAISA [Authentic Salvadoran Institutional Party].

The vicious circle in El Salvador is lack of confidence and security, followed by inadequate investment and then a drop in production, exports and imports. The only way to break the circle is to produce more.

Inasmuch as one term of government is not enough to straighten out the situation under current circumstances, we must proceed practically and urgently and attend to the short and medium term, "today's problems," because we cannot afford to think about long-range planning.

Escobar Garcia described himself as a conservative and as a politician or presidential candidate who does not believe in a dialogue with the guerrillas (as far as power-sharing is concerned), who feels that El Salvador's problems are basically due to the struggle for world supremacy or the East-West conflict and who maintains that PAISA is not and will not be part of ideological alliances or electoral coalitions with Christian Democracy, a party that he regards as a rival in the balloting. He also noted that any coalitions, perhaps in the second round of elections, would be for practical, not ideological purposes and that the upcoming vote would be characterized by apathy on the part of the electorate due to the experience of 28 March.

Escobar Garcia was the first of the candidates to take part in the business dialogue organized by the Union of Salvadoran Business Leaders (UDES) to acquire a first-hand knowledge of the stands of each presidential candidate on political and economic issues.

#### The Qualities of a President

According to Escobar Garcia, in order for a president to have a successful or acceptable term of office under the present circumstances, he must possess the following qualities, which he said he is striving to develop:

- 1) A familiarity with the workings of power and the ability to use them appropriately to solve the country's problems;
- 2) The ability to put together a government of team players;
- 3) The support of most of Salvadoran society in implementing his programs;
- 4) The support of the countries that are interested in defending the principle of the self-determination of peoples.

If we get a president who meets the above conditions, we will be in a position to tackle the nation's problems over the coming 5 years.

"Reflecting on these qualities, I accepted the nomination with a full awareness of my responsibilities," he said. "I am not an improviser and although I never boast of having experience, during my political career (deputy and agriculture and labor minister) I have at least learned how one should not act."

#### We Are Not With Christian Democracy

"We do not have ideological commitments or coalitions with any political party," asserted Escobar Garcia, stressing that this includes the Christian Democrats. Some people suspected such ties in the wake of developments in the Assembly.

"We are a political group," he added, "not a charitable organization. Our maturity is the best guarantee that from an ideological standpoint we will be loyal to a tradition and a system, even though we might make 'tactical moves' to gain ground from which we can serve the country better."

"From our viewpoint, the Christian Democrats are the rival party that we have to beat," he said.

#### El Salvador's Problems

Those of us who are concerned about El Salvador's problems are divided into two major groups:

- 1) Those of us who believe that El Salvador's current problems are basically foreign in origin, stemming from the Soviet Union's expansionist designs.
- 2) Those who feel that El Salvador's problems are basically domestic in origin.

"I belong to the first group," he asserted, "and I do not want to see a world shaped by the tenets of an enslaving, domineering ideology that curtails individual freedoms and subjects man to the cruelest

of slaveries and afflictions, and we must therefore do everything that we can to prevent this."

"We are among those who are going to fight to prevent communism from taking root in El Salvador," he went on to say. "We are nationalists and we believe in democracy."

#### Reforms Are Not the Solution

"If reforms were the solution to the country's problems," Escobar Garcia said, "the fighting would have already stopped."

In his talk the PAISA presidential candidate stressed that all of El Salvador's problems boil down to a lack of confidence and security and that this situation can be alleviated only by boosting production. This would break the vicious circle discussed above and turn it into a virtuous circle, because with higher output investment expands, production quality improves, exports and imports rise, and everything gets better.

In backing up his remarks, he divided the country's recent history into three stages:

- 1) Before 1979 El Salvador lived under a socioeconomic, political and cultural model that was kept in operation with a few adjustments.
- 2) The changes made in 1980 (the agrarian reform and the nationalization of foreign trade and the banks) worsened the internal situation, and there was an upsurge of violence.
- 3) The situation in El Salvador is currently worsening due to the lack of confidence and security.

8743

CSO: 3248/402

## ANEP, PDC, ARENA APPROVE OF REAGAN CANDIDACY

San Salvador EL MUNDO in Spanish 30 Jan 84 p 1

[Article by Jorge Armando Contreras]

[Text] Business and political sectors reacted today in different but positive ways, in regard to the announcement by Ronald Reagan to run for reelection.

The president of the Chamber of Commerce and Industry of El Salvador and the National Association of Private Enterprise (ANEP), Engineer Conrado Lopez Andreu said, "As Salvadoran businessmen we feel satisfied with the announcement because President Reagan is a leader of great importance who has shown a real interest in the Central American situation." "In the special case of El Salvador," he added, "President Reagan is aware that we are victims of aggression by the Soviet Union through Cuba and Nicaragua."

He also declared that "the people of the United States should now give him all their support to produce a majority for him in the House as well as in the Senate, so that he can work without obstacles on his foreign policy which is where his good intentions are most often hampered."

For their part, the Christian Democratic political leaders and deputies Julio Adolfo Rey Prendes and Guillermo Guevara Lacayo agreed that "President Reagan has been a real leader and is the only North American president who has paid more attention to the Central American region."

When Rey Prendes was asked if he did not consider possible a direct intervention in El Salvador or Central America, as a continuation of his present policy, he answered, "For now I do not believe that he would be able to nor that he would be interested in an intervention. We will have to be careful in the last months of his second term, if there is one, because then he will know that he cannot run for a third time."

The ARENA vice-presidential candidate, Hugo Barrera, said, "It is the best thing that could have happened to El Salvador. President Reagan is a true leader and he knows what we need militarily and economically." He said that in his term he has concerned himself so much with Central America, looking for the mechanisms to find peace through democracy, as shown by

naming Roving Ambassador Richard Stone, the Kissinger Commission and the visit of high officials including Vice President Bush. Barrera denied that Reagan is an interventionist. "Congress is the interventionist," he answered.

For his part, Auxiliary Bishop Gregorio Rosa Chavez abstained from giving an opinion. "For the moment I would prefer to say nothing. Or maybe as some North American priests say 'if the president is in good health and the economic situation improves, there will be good government'."

CSO: 3248/403

CONAES CALLS FOR UNITY AGAINST FMLN, ULTRARIGHT

Ultrarightist Tactics Criticized

San Salvador LA PRENSA GRAFICA in Spanish 13 Jan 84 p 59

[Excerpt] This is everyone's war. How to play into the hands of the Farabundo Marti National Liberation Front (FMLN)?

Following we present the four measures that in its short-sightedness the extreme right has adopted, thus playing into the hands of the FMLN:

1. Request or demand, depending on the circumstance, the establishment of a state of emergency or of extraordinary measures that efface our democratic process.
2. Harshly condemn or tactfully criticize, depending on the circumstance, the Salvadoran Armed Forces, so as to divide them and in time destroy them.
3. Vigorously condemn or deceitfully weaken, depending on the circumstance, the measures adopted to permanently eliminate the death squads and the abuses of authority.
4. Violently attack or secretly criticize, depending on the circumstance, the countries and governments friendly to El Salvador that help us to confront the aggression of the Castroist battalion, otherwise known as the FMLN.

Now then, if you want to fight aggression and serve the country, you have only to adopt one measure: Through words and actions, express solidarity with our soldiers, who have given and continue to give everything they have in the service of peace, democracy and social justice.

Private Enterprise Responds to Duarte

San Salvador LA PRENSA GRAFICA in Spanish 7 Jan 84 p 33

[Text] "We cannot ignore the fact that this is a political war; we cannot ignore the fact that this war has an

ideological element and a military element. It is not a simple military war, and for this reason we must understand that when a country is at war, the country as a whole either wins or is defeated."

Duarte, during his televised speech of Wednesday 4 January:

All of us who are represented in CONAES [National Council of Salvadoran Businessmen], craftsmen, small businessmen, market women, transport workers, merchants, kiosk owners, and employers in general are aware of our part in this struggle, namely to protect the economy, which is being destroyed by the attack of the fanatic and irresponsible forces of the extreme left, as has been demonstrated, among many atrocities, by the recent destruction of the Cuscatlan Bridge.

The objective of this dramatic assault was to isolate us from our brothers in the eastern region, obstructing even more the essential trade among all the regions in the country.

Why CONAES?

CONAES' board of directors, acting as spokesman for its members in the eastern region particularly, condemns before the business sector and the countries of the world this act of vandalism by those who because of their beliefs oppose democracy and the free enterprise system.

Once more CONAES, as it did during its struggle to achieve the reopening of the border with Guatemala, adopts the position of solidarity and participation to which engineer Duarte exhorted us. We are proud of the fact that in the case of Guatemala, thanks to our participation, a problem of great importance, which, apparently as a result of partisan interests was being distorted and opposed, was brought before the public and confronted.

This Is Also Your War

The businessman not only performs an economic function when he efficiently allots his resources, but also performs a social function when promoting the well being of his employees and his community. No less important is his ability to associate with other businessmen, forming a common-interest group with significant leverage over the political power and society as a whole. It is thus that the achievement of a social order with liberty, justice, and solidarity will also depend on a businessman fully aware of the meaning of productivity and competence within a framework of responsibility and social commitment, which is exactly what CONAES endeavors to provide, with your participation.

CONAES makes those already unionized in the traditionalist employers associations aware that employers associations with the ability to influence depend as much on their representativeness as on the internal functioning of the associations and on the clarity and coherence of the proposals made by their leaders.



## **This Is an Ideological War**

As the U.S. ambassador to El Salvador, Thomas Pickering, stated during his sincere and courageous speech given before the American Chamber of Commerce on 23 November past, "A military victory does not guarantee long-term security nor the basic goals in the political and economic changes..."

## **What We Will Do**

We issue a patriotic summons to all democratic organizations taking part in the "meeting for Peace, Democracy and Social Justice in El Salvador" in the city of San Salvador during 12, 13 November 1983 to be faithful to our public declaration, in order to:

Form a pluralistic council with participation and representation from the various democratic groups in the country, whose principal function would be to channel the activities that would help to achieve the fundamental objectives of this national meeting, which are: peace, democracy and social justice in El Salvador.

Promise and make a commitment to struggle, always by civil and peaceful means, so that our country may become an oasis of peace, democracy and social justice.

Pray to God that the hate between brothers may stop and that the irrational forces of evil that drive the death squads and the guerrillas may vanish forever.

## **We Call on the Following Organizations To Take a Stand:**

**Political Parties:** Democratic Action (AD); Salvadoran Authentic Institutional Party (PAISA); Christian Democratic Party (PDC); PDI and Popular Orientation Party (POP).

**Educational Centers:** Central American University (Jose Simeon Canas Catholic University) (UCA); Jose Matias Delgado University; Central American Technological University.

**Labor Unions:** Associations of Cooperatives of Integrated Agricultural Livestock Products (ACOPAI); American Institute for Free Labor Development (AIFLD); General Association of Public and Municipal Employees (AGEPYM); AMDB; AMTRAM; ANC; National Association of Salvadoran Indians (ANIS); ATASAL; Trade Union Association of Salvadoran Airline Pilots (ASPAS); Salvadoran Peasants Center (CCS); General Confederation of Workers (CGT); Latin American Confederation of Trade Unions (CLAT); General Confederation of Trade Unions (CGS); CMT; FEDEACOPADES; Trade Unions Federation of Food, Beverage and Related Industries (FESINTRABS); FESITRAVA; FUNCOPROP; SGAMS; STC; Trade Union of Salvadoran Social Security Institute Workers (STISSS); STFSV; STRABSALINITAS; STIVSA; STUS; UPD; UNTC.

Trade Unions: AEI; AG; AMIES; ANAS; APRES; ASP; Association of Salvadoran Professional Salesmen (AVPDES); College of Architects; College of Economics; FECCAP GERENTES; KIOSKOS; Association of Salvadoran Agricultural Engineers (SIADES).

Others: Archdiocese of San Salvador; Salvadoran Athenaeum; ASCIA; Peace Commission; Federation of Savings and Loan Cooperatives of El Salvador (FEDECACES); ISAM; ICAL; ISDEP; ISEP; ISOP.

9907

CSO: 3248/371

## TWO-THIRDS OF COOPERATIVES REPORTED BANKRUPT

San Salvador EL DIARIO DE HOY in Spanish 27 Jan 84 pp 3, 27

[Text] Although information on the number of solvent cooperatives is hard to come by, we can say that about 35 percent are financially solvent at present, the Agricultural-Livestock Development Bank (BFA) has reported.

The bank was unable to ascertain the number of insolvent cooperatives because this would entail distinguishing between the livestock, agricultural, industrial sectors, etc.

According to financial sources consulted in relation to the figures supplied by the BFA, the numbers evidence the awful failure of the Agrarian Reform, inasmuch as 4 years after the country's most productive lands were nationalized, two-thirds of them have gone bankrupt. This illustrates the government's complete inability to manage the nation's agriculture, as well as the damage that the reform imposed from the outside has caused the country.

## Legal Status

What happens when a cooperative that does not have legal status goes into default?

When a cooperative in the reformed sector goes into default, we turn to the Salvadoran Institute of Agrarian Transformation (ISTA), because this is the institution that guarantees all of the Agrarian Reform's loans.

As for what the bank does when a cooperative becomes insolvent, we can report that the bank lends as much credit and administrative assistance as it can to reduce or eliminate the insolvency. In other words, we do not abandon or forget about it; we help it with loans and administrative assistance.

It should be added that after the first fiscal year of the Agrarian Reform, which was in 1981-82, losses were thoroughgoing, and the

same held true for 1981-82. In 1982-83, however, about 40 percent of the insolvent cooperatives were covered. In 1983-84 we have reached an almost 70 percent recovery rate; in other words, the situation is improving appreciably.

As was mentioned before, insolvent cooperatives are given as much credit and administrative assistance as possible so that they can pull themselves up. They are neither abandoned nor forgotten about.

Seeking ways to help the cooperatives that are having problems is a stated bank policy, inasmuch as the bank is aware that the situation is very difficult, with certain areas hard hit by violence and drought. The bank cannot turn its back on these insolvent cooperatives in a sector that must not be disregarded. It is the responsibility of banks in general to provide them with timely and sufficient credit and administrative assistance, the bank said in conclusion.

8743

CSO: 3248/402

ID CARD DUPLICATIONS TOTAL 300,000

San Salvador LA PRENSA GRAFICA in Spanish 26 Jan 84 pp 2, 42

[Text] In checking through the list of registered voters that will be used for the elections on 25 March, the Central Electoral Council (CCE) has so far discovered 300,000 identification card duplications.

This was disclosed by the council's president, Dr Armando Rodriguez Eguizabal, when representatives of several labor, cooperative and peasant farmer organizations visited him in his office.

He explained that the current voting list is being drawn up on the basis of birth certificates. The data from these documents are placed in a file that is stored in a computer that operates with a single code and that immediately rejects any duplications.

In this case, a person can have only one identification card, inasmuch as if he had used his birth certificate to register in another municipality to secure a second card, the computer would immediately point out the duplication, because all birth certificate registers in the country are being microfilmed and computerized.

He added that some people have used the birth certificates of deceased persons to obtain another identity card for various reasons, but this too is being corrected.

All duplications and deceased persons have been removed from the list of registered voters, thus insuring that no one will be able to resort to such ploys to vote two or more times at the upcoming elections.

A leader of one of the visiting cooperatives said that the discovery of the 300,000 duplicated ID cards would completely change the outlook for the upcoming elections.

"The results of this balloting will be quite different, though maybe not radically so; we can expect a lot of surprises. We have to realize that the duplications were uncovered mainly in the department of San Salvador, which has the most voters."

## Elections 2 Months Away

Several political leaders who visited the CCE remarked to this paper that "we are 2 months away from what could turn out to be the most important chapter in our country's history as a sovereign and democratic nation."

In this regard, they went on to say, it is vitally important for all the competing political parties to understand "the ticklish period in our country's history in which they have been called upon to act."

"Our people have matured in their political awareness. They are able to distinguish between lies, deceit and false foreign doctrines and the truth, democracy and freedom that they have waited years for," they concluded.

8743

CSO: 3248/402

## BRIEFS

DROP IN 1983-84 CROP--(San Miguel)--Cotton growers of the eastern region have begun to experience an unprecedented drop in cultivation for the 1983-84 harvest. The actual production cost is around 110 colons per quintal of raw cotton and not 90.50 colons, as government financing institutions estimated. This was announced by the cotton growers of the country's eastern region during an emergency meeting that took place in this city. The growers pointed out that in spite of the obvious drop in the cultivation of cotton, the different governmental institutions involved with the "white gold" loans kept the cost price at 90.50 colons per quintal of raw cotton. The experts, according to the growers, did not take into consideration the fact that the smaller the production, the higher the cost, just as with larger production the costs tend to decrease. In this regard they explained that since 1980, when more than 100,000 plots were cultivated, an inevitable decrease in the area cultivated has been taking place, with the unfortunate result, they said, that for the 1983-84 harvest scarcely 55,000 plots were cultivated. This means that costs have been increasing. To this should also be added a greater amount of insecticide used on the crops than that foreseen by the governmental loan institutions; salaries imposed by outside forces; hurricane-force winds that hit the plantations, causing the cotton to fall, and its subsequent decrease in value due to its poor quality. Should the price per quintal of cotton remain at 90.50, they concluded, there is a risk of a decrease in future plantings or a possible abstention. [Text] [San Salvador LA PRENSA GRAFICA in Spanish 10 Jan 84 pp 2, 15] 9907

SAN MIGUEL POWER PLANT--San Miguel--The components of the electric power plant that will provide service to the eastern metropolis and adjacent areas have arrived in San Miguel in 10 trailers. The one turbine, two generators and other components will be installed 4 kilometers west of the local regiment within the jurisdiction of the Jalacatal Canton. According to reports, this sector has been militarized, and a security corps has been formed, consisting of officers and agents of the National Guard, the National Police and the regiment. The plant will use gas or compressed air, and construction work at the site is moving busily ahead so that it goes on line as soon as possible. [Text] [San Salvador EL DIARIO DE HOY in Spanish 23 Jan 84 pp 10, 38] 8743

## SURVEY OF INDUSTRY MANAGEMENT SHOWS RECESSION

Guatemala City PRENSA LIBRE in Spanish 19 Jan 84 pp 21, 52

[Text] There is not much optimism among the Guatemalan business sectors about their activity in the second half of this year. In other words, they do not expect an improvement in the economic situation of the national industrial sector during that period.

The above is contained in a document published yesterday drawn up by the Bank of Guatemala. It was called: general comments on the results of the business survey on industrial activity.

The text of the document is as follows:

As part of a program begun in May 1982, the Economic Studies Department of the Bank of Guatemala carried out its fifth survey in October 1983. It was directed at a group of 304 industrialists in order to obtain their qualitative evaluation of the behavior of that sector. This group is responsible for the management of the most important industrial enterprises.

The survey referred to the first 6 months. It asked the businessmen's opinions on important aspects in industrial development such as rate of production, behavior of demand, employment level, use of installed capacity, etc. The survey also covered the businessmen's expectations for the second half of the year. Below are some comments on the results of that survey.

## Evaluation of the First Six Months of 1983

The results of the survey verified the preliminary forecasts made by the industrialists at the beginning of this year that the recessive trend in the industrial sector would continue. As to production volumes, only 14 percent of the industrial sector showed an increase, 34.3 percent remained the same and 51.7 percent declined. In the businessmen's opinion, this is basically caused by the behavior of the variable "level of market demand." In the entire industrial sector, it is significant that 45.2 percent acknowledged a drop in this, a much higher percentage than initially predicted (37 percent). What is important is the fact that this situation occurs in the domestic as well as the foreign market, 46.6 percent and 43.2 percent respectively.



The above situation continued to decrease use of installed industrial capacity. This is corroborated by the high idle percentages in this sector: 31.3 percent of the sector used less than 50-percent capacity; 43.3 percent used between 51 and 70 percent; and 25.4 percent used between 71 and 100 percent. The branch in which this phenomenon was most intense was the wood and furniture industry: 52.6 percent of this branch used less than 50 percent of its installed capacity; 35.1 percent was in the 51 to 70 percent range; and the rest was at 71 to 100 percent. The important position of the chemical products branch must be pointed out. Contrary to the situation indicated above, 56.5 percent of the branch used 51 to 70 percent of its capacity while 28.4 percent used 71 to 100 percent.

The above situation naturally affected the employment level. The businessmen's opinion was that employment went down for 31.5 percent of the industrial sector and was the same for 63.8 percent compared to the previous 6 months. Despite this, the opinions on wages indicate that only 0.9 percent in the industrial sector went down while 72.6 percent remained the same and 26.5 percent increased. This could be explained by the fact that, under present circumstances, the industries that are functioning are those that can be called high productivity and efficient and require highly skilled manpower.

As to sales prices, the businessmen's opinion was that these increased for 22.4 percent of the sector. This was concentrated in the branches of rubber and plastic, chemicals, basic metals, beverages and tobacco. Concerning the price of raw materials, a significant proportion of the sector had increases: 62 percent in the case of raw materials of national origin and 74.5 percent in the case of imported raw materials. This situation was widespread in the industrial branches.

#### Expectations for Second Half

The industrialists' expectations for the second half of this year do not show much optimism that an improvement in the economic situation of this important productive sector can be expected. Only 20.7 percent expected an improvement, 32.2 percent felt that the situation will be less favorable and 47.1 percent stated that it will remain the same.

As to volume of production, with the exception of the glass and minerals branch where a reduction is expected for 57.1 percent, it is felt that 69.2 percent of the industrial sector will stay the same or increase. This is based on expectations that the markets will open up, especially the Central American market, to which they attribute the greatest reduction in "sales volume." The sectors that foresee a drop or expect to maintain their levels represent 34.5 percent and 42 percent respectively.

From the point of view of prices of raw materials, expectations are toward an increase in those of national origin and for imported supplies. According to the industrialists, that phenomenon will be observed in 50.7 percent of the sector in the case of domestic raw materials and in 64.4 percent in the case of imported ones.

As to employment, stabilization at current levels is expected since the largest component of the sector, 75.7 percent, felt that it would remain the same. About 13 percent felt that it would increase and 11.3 percent felt that it would shrink.

## BRIEFS

COFFEE PRODUCTION FIGURES--Guatemala, 10 Jan--Guatemalan coffee exports during the October-December 1983 quarter yielded foreign currency revenue totaling 82 million quetzales. According to the preliminary data obtained from the National Coffee Association, exports to the market regulated by quotas during that period, the first quarter of the 1983-84 coffee year, rose to 663,304.86 quintals/gold with the above yield in foreign currency. During that period, the behavior of prices on the international market was good since the average was \$135 (FOB) quintal/gold. This even led to a liberation of international quotas precisely because of those good market conditions. Based on the international quota assigned to it, Guatemala must export 2,354,452.17 quintals over the four quarters of this coffee year. In the January-March 1984 quarter, the quota--588,613.04 quintals--will be exported if there are no cuts. Fulfillment is guaranteed by the good behavior of national production. In general terms, the production rate and domestic and international marketing are considered satisfactory. Beginning this coffee year, the system of retention domestically went into effect. It permits greater certainty about the real production volumes. This system is based on physical coffee stocks. This guarantees the producer the possibility of participating in exports based on his effective production capacity. The percentage of participation in exports will be determined, in general, by the production capacity as well as the limits that must be established since Guatemala is subject to a quota set by the International Coffee Pact. [Excerpt] [Guatemala City DIARIO EL GRAFICO in Spanish 11 Jan 84 p 2] 7717

CSO: 3248/380

## BRIEFS

BAUXITE PRODUCTION RATES, OUTPUT--Georgetown, Guyana, 18 Jan (CANA)--Guyana's vital bauxite sector, the nation's number one foreign exchange earner, provided nearly 40,000 tonnes of the ore up to January 10, it has been officially announced. The state-owned Guyana Mining Enterprise (Guymine) said the exact production was 39,769 tonnes. Guymine shipped 25,567 tonnes over the same period. The company's operations at Linden, 67 miles south of Georgetown, produced 18,069 tonnes, exporting 7,068 tonnes to the United States and 4,593 tonnes on to Venezuela. The plant in Bervice Country, 68 miles east of Georgetown, returned a better performance, producing a total of 21,700 tonnes, shipping 13,906 tonnes to Trinidad. Highest production so far for 1984 has been of the metal grade variety which accounted for just over half of an output, or 21,599 tonnes of the total production of 39,769 tonnes. Guymine's Chief Executive Officer Dunstan Barrow says the theme for the state-owned entity this year is "better than before in 84." In 1983 production totalled 1,070,257 tonnes. This year Guymine is aiming to produce 1,566,000 tonnes, more than 50 percent above last year's output. [Text] [FL190003 Bridgetown CANA in English 2254 GMT 18 Jan 84]

MONTHLY BAUXITE PRODUCTION--Georgetown, Guyana, 10 Feb (CANA)--Guyana's state-owned bauxite industry has produced over 100,000 tonnes for the first month of the year as it aims to meet a 1984 target. The Guyana Mining Enterprise (Guymine) said the exact production up to January 30 was 117,525 tonnes, made up of 64,400 tonnes from the Linden Operations and 53,125 tonnes from the two locations in Berbice County. Up to the end of January, the industry had exported 81,016 tonnes. The company has set a target of 1,566,000 tonnes for this year, and has implemented a series of measures to reduce operational costs and cut waste at the Calcined Bauxite Plant. The company is also aiming to reduce its energy costs by resorting to using indigenous energy sources. [Text] [FL102028 Bridgetown CANA in English 2015 GMT 10 Feb 84]

CSO: 3298/1126

## MICHAEL MANLEY ASSESSES DOMESTIC POLITICS

PM141052 Amsterdam DE VOLKSKRANT in Dutch 31 Jan 84 p 4

[Undated interview with Jamaican opposition leader Michael Manley by Marcel Bayer: "Democracy the Only Road for Jamaica"]

[Text] Kingston--"I think that the events surrounding Grenada will stimulate U.S. adventurism in the region. The progressive forces in this region are already under great pressure. They are confronted with the confusion which the Grenada question has caused."

So said Jamaican opposition leader Michael Manley, who added: "But at the same time I also expect that a reorientation will take place. People will begin to think patriotically and nationalistically because now for the first time in the English-speaking part of the Caribbean region the idea is penetrating that there is a long tradition of U.S. interventions in Latin America. This forces the progressive movement to seek an approach to make itself less susceptible to foreign influence."

"Do not get me wrong; I was filled with disgust by the murder of Bishop and the others in Grenada. But everyone could see that the military regime which came to power in this way did not have a hope in the search for a way out from Grenada's problems. They were completely isolated from the rest of the Caribbean region, from the population and from their most loyal ally, Cuba."

"There was no other way out apart from negotiations, and then they tried that too. Reagan, Seaga, and Adams (the prime minister of Barbados) knew that very well, but they expressly denied it because it was easier to invade the country in the mood of dismay and anxiety which followed immediately upon the murder of Bishop. In this way they hoped to be able to sweep away all traces of Bishopism for good. It was a fabulous example of political opportunism. A pece of 'Realpolitik' that Kissinger in his heyday would not have misunderstood."

Question: Why did your party decide not to take part in the early election on 15 December 1983?

Answer: Because it was a confidence trick. First, it was a way of breaking the agreement which we had reached earlier. There were to be no elections until the electoral system had been reformed. The electoral registers were out of date; 10 percent of the people on them were dead while 20 percent of those with a right to vote were not registered. In addition everyone was to be given an identity card with a passport photograph. All of this was planned to prevent fraud and the accusations and counteraccusations that was usual in the past. Seaga ignored all these agreements and called an election, while the new registers were far from ready.

Seaga made eager use of the Grenada question. His political fate seemed sealed. Opinion polls about new elections which had been taken earlier last year had pointed to a majority for us. But the tension and confusion surrounding the events in Grenada offered him a brilliant chance to avoid his political end and to drag on for another 5-year term. He also thought that in this way he would achieve a better negotiating position with the IMF. Thus he took the decision for an early election on the basis of the constitutional powers as prime minister simply because of the chance which Grenada offered him, against all the agreements he had entered into and without thinking about the consequences for the future of democracy. We refused to take part in that electoral sham. [answer ends]

Looking back on the 3 years of his rival Seaga's government, Manley said: "Seaga has made a fundamental mistake in believing blindly in the healthy effect of free market forces. The country was swamped with foreign products. That means a deathblow to our own industry. As a result we have gotten into major balance of payments difficulties. Because we simply do not have the capacity to earn the foreign currency which is necessary for such an economic model. The only way remaining to finance Seaga's economic model was foreign loans. In 3 years his government borrowed more than we borrowed in the 8 1/2 years we were in power.

"Our debts are so enormous that we already need new loans in order to pay the interest on them. In the meanwhile there has also been a devaluation of the Jamaican dollar of 77 percent and there have been so many price rises on elementary consumer goods, which have had catastrophic consequences for lower income groups in particular. In our view these are precisely the conditions for a new IMF credit, but the government does not admit it.

"However, the time is now past when the Seaga Government can lay the blame for the problems at the door of our previous People's National Party Government. The country is running into major economic problems and we demand that the government tell the truth about the destructive effects of its policies."

Question: When will your party again take part in elections?

Answer: When the new electoral registers are ready and everyone is registered. The Electoral Advisory Committee has said that they will not be ready before June.

Question: But do you expect Seaga to call new elections within 5 years?

Answer: We will force him to do so. I guarantee you that, although as an opposition party we have no constitutional powers to force an election, but we do speak for a majority of the population and that is hard objective political reality. [answer ends]

Politics and violence in strongly polarized Jamaica go hand in hand. The bloody elections of 1976 and especially 1980, in which 600 people were killed, are still fresh in people's memories. Around New Year 1984 shooting between supporters of the rival PNP and JLP (Seaga's Jamaica Labour Party) had already taken a significant toll. The question is whether the present political situation will not lead to a further escalation of the violence.

Manley: "That is entirely up to Seaga. There is no doubt that he, at the moment when he decided on new elections under fraudulent circumstances, also wanted to promote the polarization. Political violence in Jamaica is not a spontaneous phenomenon. Just as in 1976 and in 1980 orders came from higher quarters. I pray that it will never happen again, but alas the signs, which involved the deaths of a number of members of our party, are already becoming apparent. We will not stimulate the political violence, not then and not now.

Question: What will the Grenada question mean for you and your party in the future; is a "third way" in this region still possible?

Answer: It must be, for other ways are unacceptable to us. We reject the neocolonial model followed by Seaga. That way you are an appendage of a great power. On the other hand the Marxist-Leninist model is also unacceptable to us. Thus, there is nothing left for us apart from continuing with the struggle for a democratic way, which offers guarantees of economic and social viability. I still think that this is possible.

Question: What would be your relations with Cuba if you came to power again?

Answer: We must take realities as our point of departure. And that means that the presence of many Cubans in this country would play into the hands of the conservative media and would disturb the people. Next time we would have to be very careful about bringing in Cubans to build schools and roads and the like.

But we would have relations with them on the basis of mutual respect and the objectives which we both share. The cause of the Third World is best served when we trust each other and fight for what we jointly seek. Cuba has a right to be there. It has a government which is supported by the vast majority of the population. We would enter into relations with Cuba and nothing and no one would be able to lay down the law to us about it.

CSO: 3214/22

## FORMER JUCHITAN MAYOR, BISHOP EXPRESS ALARM OVER ISTHMUS

## De Gyves Sees 'Chileanization'

Mexico City PROCESO in Spanish 19 Dec 83 No. 372 pp 6-11

[Article by Ignacio Ramirez and Ernesto Reyes]

[Excerpt] Juchitan--Deposed mayor Leopoldo de Gyves--whose father and wife are imprisoned--made an accusation from underground. "Fascism looms up in Mexico. Juchitan is the site of the first great repression by the government of Miguel de la Madrid. It is based on a military counterinsurgency plan to try to contain the most sensitive part of the country--the Isthmus and the southeast region. A new revolution can erupt there."

De Gyves was morally dejected but still had faith in the Juchitan people. He was interviewed in a small shelter that only had a cot for furniture. He was reached through four contacts who serve as news liaisons. The latest news concerned instructions given by Ricardo Dorantes Morteo, PRI [Institutional Revolutionary Party] representative to the Municipal Electoral Committee in the last elections, to Daniel Camarena, chief of the State Preventive Police. He urged them to find the COCEI [Labor, Peasant, Student Coalition of the Isthmus] leader, dead or alive.

De Gyves continued: "This is the Chileanization of Juchitan, a return to repressive methods by a government and a state that violate individual guarantees through total disregard for laws with absolute impunity. This blow to democracy has been coming for some time. It was carried out by Governor Pedro Vazquez Colmenares with the help of the federal and state police, the army, the mass media, the systematic use of lies, political fantasy and vilification of COCEI. He even tries to connect COCEI with Guatemalan and Salvadoran guerrillas despite the fact that the Isthmus is in the sights of U.S. imperialism."

De Gyves said that the future of Mexico lies in the southeast, both for the interests in the region--natural resources, basically oil, the Alfa-Omega project, the Salina Cruz refinery--and its proximity to Central America where the peoples seek their liberation from the situation of backwardness and exploitation of the Indian, peasant and worker communities. These combined with the existence of many democratic organizations provoke great social tension.

"Our people have always had a libertarian spirit, rebelling against injustices and the domination of foreign forces. COCEI which will celebrate its 10th anniversary next January absorbs that political and moral legacy. Our fight has always been open and directly related to our class brothers who have learned to identify their exploiters. This awareness demonstrated to us that we would only be ousted from the municipal palace by force."

De Gyves denied all accusations that there were weapons and explosives in the municipal palace. According to him, this accusation and the vilification of COCEI members as communists and guerrillas are nothing new.

"It would have been a senseless act on our part to answer violence with violence since our struggle would lose any political objectivity. We were careful to always recommend against the use of arms since a confrontation would be a pretext for a massacre against COCEI. The government would justify its actions more easily. Proof of this nonviolence is that not a single policeman or soldier was hurt in the latest incidents."

He concluded:

"The governor responded to dialogue with rifles. He preferred martial law to negotiations. But we will return and our return will be the redemption of the Juchitan people."

There are arrest warrants for most of the 16 leaders on the COCEI Political Committee. Seven of them are being held incommunicado in the Salina Cruz jail: Carlos Sanchez Lopez, Enedino Jimenez, Leopoldo de Gyves Pineda, Rufino Rodriguez, Manuel Lopez, David Mendoza and Jesus Vicente Vasquez. The rest remain underground: Leopoldo de Gyves, Hector Sanchez Lopez, Oscar de la Cruz, Daniel Lopez Nelio, Feliciano Marin, Cesar Pineda, Gerardo Angeles, Ricardo Ramirez and Desiderio de Gyves.

From his hideout somewhere in the Oaxaca capital, Lopez Nelio--COCEI-PSUM [Unified Socialist Party of Mexico] candidate for mayor in the 20 November elections--stated that the electoral conflict in this city was settled by jail, persecution and intimidation accompanied by bloodbaths.

He said: "We will regain the municipal palace even if it is necessary to stay where we are for the 3 years of the next administration. Javier Fuentes Valdivieso who was imposed by the PRI and the state government can only be maintained in office by armed force. On 1 January we will establish a parallel government of the people."

Hector Sanchez, PSUM deputy, cited details of the conversation he and other COCEI members held with Governor Vazquez Colmenares after the ouster. "The governor tried to force us to recognize the Juchitan fraud. He told us that the people must understand that the PRI won the elections. With brazen authoritarianism he refused to dialogue. However, we will not agree to that recognition under torture or imprisonment. If circumstances do not change, there will be 3 years of struggle against arbitrariness and arrogance."



To those interviewed, the ouster from the municipal palace consummated a new style of government: mass arrests, entrapment, illegal detentions, beatings and what they euphemistically call "state of alert" here. No one can travel at night and it is practically a crime to be young or a student. The House of Culture is even guarded by troops and the Ixtepec public library has been converted into a police barracks.

Arturo Lona, bishop of Tehuantepec, warned: "Human rights have been violated. It is impossible to talk about peace and joy this Christmas when there is violence and repression. There is the risk of another 68, a new Tlatelolco. It is time for the rich and the powerful, the bosses and landowners, to turn their eyes toward the native Christ."

Macario Matus, director of the House of Culture, stated: "We are accused of everything, even homosexuality, because we promote the intellect. It is serious for this country that our study and art centers are threatened by bayonets. That is what Hitler and Pinochet did; it is fascism in Mexico."

However, the points of view of the PRI and Cesar Augusto Carrasco Gomez, president of the Municipal Council, are different. The latter openly said: "I requested army intervention because our armed forces are not just for decoration. We approved because only in this way can we preserve peace and order. We will call it in as many times as necessary, permanently if necessary."

Fuentes Valdivieso was optimistic about taking office as mayor on 1 January. He announced the first actions of his coming administration: repaving the streets and personnel changes.

He said: "Everything has returned to normal."

#### Bishop to Travel to Rome

Mexico City PROCESO in Spanish 19 Dec 83 No. 372 pp 6-7

[Article by Ernesto Reyes and Ignacio Ramirez]

[Text] Tehuantepec--According to Bishop Arturo Lona Reyes, the government cannot speak of dialogue, tranquillity or justice when we are witnesses to slander and the treatment as criminals of those who have known how to lead the people in a liberation movement seeking their own way and trying to preserve their own culture.

He asked: Where is the dialogue?

He added that this situation concerns the church. Facing this intransigent political position by the authorities, we cannot keep quiet but must encourage the Christians, our brothers on the Isthmus and the government to respect the physical integrity of the people who have been arrested and release them.

The bishop added: "We do not want massacres; we want peace and freedom in justice." He has been attacked several times in recent years by local

politicians and businessmen because of his defense of the Indians and his support for the popular movements in the region.

Distressed at not being able to be with his brothers in these difficult times --he goes to Rome this Monday to report on his pastoral work to Pope John Paul II--Lona Reyes said:

"I had promised to keep quiet and thought that speaking too much would hurt the people. However, I cannot do this when I see the people being mistreated. I think the bishop is like the dog in the house: if he does not bark when there are thieves, what good is the dog? Therefore, I have to shout and raise the church's voice against injustice and arbitrariness."

Since he is on the side of groups that seek their freedom, the powerful groups accuse him of agreeing with the activities of COCEI which also seeks respect for the dignity of man.

Lona Reyes spoke of his attempts to intercede with different authorities for his brothers: "I have talked with the secretary and assistant secretary of government, Manuel Bartlet and Jesus Davila Narro, and with Governor Vazquez Colmenares, insisting on dialogue and listening to the people. There are ways to avoid violence and agree to political negotiations.

"In response, I encounter arguments that look for the negative in the events in Juchitan. However, I have told them: what popular and social process is chemically pure?"

The bishop has been the object of local and state pressure and physical aggression. On 4 September the current PRI deputy, Teodoro "El Rojo" Altamirano, threatened in church to kill him if he went to say Mass in Juchitan. He has resisted and defended himself from the journalistic slanders of the PRI, accusations of assassin and even graffiti against him throughout the city. The Tehuantepec prelate is not daunted.

"All the actions they have undertaken to hurt me are the work of those who disagree with this stand of the church. They are obviously an attempt to distort and discredit the political strength of the bishop." He explained:

"With the pastoral agents throughout the region, the peasant communities have promoted production cooperatives, rural technology and people's stores to fight against agricultural shortages and the high cost of living. Those who react against this are the bosses, the landowners, the hoarders--in short, the holders of economic and political power which go hand in hand in the Isthmus."

At the end of Mass, Lona Reyes listened to reports. He learned of the latest incidents and what was happening in Juchitan. They told him that there are hundreds of prisoners in Salina Cruz, that they even arrested the parish priest in Juchitan as he was traveling in his vehicle. No one can go downtown; they are pushed to go to Mexico City.

With his suitcase in his hand and embraces from his comrades in the diocese and the people, a despairing Arturo Lona signed a communique from the bishopric and the pastoral agents expressing the greetings of the priests and religious who work in the region.

In the text they stated that the economic crisis, the confrontations, the political disagreements and the confusions "fill us with anguish and threaten to quench our spirit and our hope. As shepherds of the people of God, we must be attentive to what happens to these people and be the voice of those who have no voice."

They appealed to the state and federal governments to continue seeking appropriate solutions to the problems of the Isthmus. "Intelligently and honestly, heed the just demands of the peoples of this region and avoid more violence." They made an appeal to seek "new roads of understanding together in order to construct peace and harmony in our Isthmus of Tehuantepec, especially for the poorest and most underprivileged."

They expressed their sorrow: "We cannot be happy here about the coming Nativity because Christ cries out through the beaten Indian. He hopes we will forget selfishness and close ranks against oppression and injustice."

They concluded: "If only Christmas brings us better news and better hopes for the people."

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CSO: 3248/365

## CONSTRUCTION COSTS SAID TO HAVE DOUBLED IN 1983

Mexico City UNOMASUNO in Spanish 29 Dec 83 pp 1, 8

[Article by Angelica Quezada]

[Text] The housing problem in Mexico is a combination of increased costs, speculation and the progressive deterioration of the buying power of the people. About 9,047,000 people--47 percent of the economically active population--cannot receive credit to buy a house or apartment. This economic insolvency affects 65 percent of the Mexicans who, for this reason, are excluded from official popular housing programs. Also 95 percent of the national population cannot buy housing constructed by the private sector, according to a study by INCO [National Consumers Institute].

Under these conditions of widespread low income that contrasts with the speculative practices of builders and the intensive inflationary process, so-called /social interest/ [in italics] credits and housing have become a "myth." According to INCO, financing has become more and more concentrated in higher-income groups. Less than 15 percent of the higher-income families had housing financed before bank nationalization.

The president of CNIC [National Chamber of the Construction Industry], Vicente H. Bortoni, acknowledged that construction costs have doubled in the last year which, of course, is above the average inflation. He indicated that prices shot up even more for some construction materials like: cement, 157 percent; reinforced rods, 160 percent; annealed panels, 100 percent; and third-class wood, 90 percent. Costs for heavy construction more than tripled, increasing 230 percent.

He maintained that inflation and the currency devaluation constitute main concerns for the sector since prices rise 5 to 6 percent monthly, creating a continual widespread cost increase.

However, the cost of manpower has increased the least; manpower is especially abundant now. From May 1982 to May 1983, these costs rose 61.6 percent, lower than the accumulated rate of inflation that year of 74 percent.

The construction industry now works at 26 percent capacity compared to 1981, the "best year" culminating the period begun in 1977. On the average, it grew

18 percent, more than twice the rate of the rest of the economy. It will have to go down to 0.3 percent in 1984 or, in the best of cases, 2 percent.

In the opinion of realtors, the decline in the construction industry and this market would have been less devastating if interest rates had not gone up so much and if access by the people to the financial system had been facilitated.

INCO stated that the action of "former private banks" was aimed basically at satisfying the financial requirements of the higher-income sectors. Now, with the price of money, the real estate operations that were apparently aimed at a market of economically solvent people have been paralyzed.

Mortgage credit for social interest housing--at 11 percent and 14 percent interest--was used up by last February, according to Federico Pinones Mendez, president of AMPI [Mexican Association of Professional Realtors].

Felipe Vargas, sales director for PROBISA [Real Estate Promotion, S.A.], indicated that they have been officially informed by the financial authorities that, beginning next year, the social interest rates will be eliminated. They will be replaced by more operational mechanisms which are less costly to the banks since they now represent a large subsidy. The CCP [Percentage Cost of Incentive] is now more than 57.78 percent.

Based on that, any loan operation would have to be at a higher interest rate and the yield that the saver would receive for his deposit would not be more than that percentage.

Independent of the fact that the number of these loans was reduced and that the demand is too high, access to that line of credit makes it necessary to adjust several requirements:

The property to be financed must not exceed 1.2 million pesos in order to have access to credit with a preferential interest rate of 11 percent. The price of the property must not exceed 1.8 million pesos to benefit from the 14 percent rate. In the first case, the income of the purchaser must not be less than 80,000 pesos per month and, in the second case, 100,000. In both cases, the purchaser must be married.

However, due to the inadequacy of preferential credits, purchases under commercial financing cost too much for any potential buyer.

In any operation, the minimum down payment that the real estate enterprises request is 40 percent. The lowest prices found on the market range from 1 million to 1.5 million pesos down payment for an apartment. Houses have an average base price of 2.5 million pesos.

Therefore, if a purchaser decided to resort to bank financing, it would be necessary to request at least 1 million pesos. At a commercial interest rate of 96 percent per year, the purchaser would have to pay monthly payments of about 163,000 pesos in capital and interest.

INCO maintained that the people's access to financing must be considered an inalienable right in order to meet the current demand for 6 million housing units, 27.2 percent in the urban sector and 72.7 percent in the rural part of the country.

## EXCESSIVE TAX BURDEN SEEN DISCOURAGING INVESTMENT

Mexico City EXCELSIOR in Spanish 22 Dec 83 pp 16-A, 17-A

[Article by Jaime Contreras Salcedo]

[Text] The excessive tax burden, "far from encouraging us, is inhibiting investment. It is decapitalizing us and creating more problems than solutions." Augusto Lopez Mena, vice president of CONCANACO [Confederation of National Chambers of Commerce], gave this warning yesterday. He said that "the unequal and unfair price control as well as the proliferation of official stores, openly unfair competition, add" to this situation.

Questioned by telephone, the business leader also said: "We consider positive the fact that the country is trying to end the fictitious economy through the gradual elimination of subsidies." He understood that this type of mechanism would persist for basic products like milk, bread and tortillas, as Secretary of Commerce Hector Hernandez announced, "because they are not going to suddenly stop."

Lopez Mena noted that what "we do consider dangerous" is the "superficial and subsidized" growth of the social sector of the economy. This has meant "closing the doors to individuals as well as open discouragement for reinvesting in Mexico. We see these organizations receive more preferences and exemptions than we do."

The vice president of CONCANACO--specializing in small businesses--called the statements of the head of the Bank of Mexico, Miguel Mancero, "inconsistent" when he said that we had overcome "financial uncertainty." Domestically, "credit continues to be expensive and require too much red tape." Tax rates are excessive, price controls deeply hurt us and we have run into various difficulties due to scarcity, shortages and narrow margins of profit for basic articles or those of widespread consumption.

Lopez Mena also questioned the fact that the issue of circulating currency and public expenditures "have not slowed down as much as the nation requires." The productivity of the parastatal enterprises has not increased "since it is not simply a matter, for example, of raising highway tolls. We users must also receive better service. We have not seen this," he stressed.

In spite of these difficulties, the vice president of CONCANACO said that its members have not just folded their arms. "On the contrary, we are engaged in modernizing our activities. One way to achieve this is through purchasing unions. In this way, we feel we will have access to soft credits and lower prices from suppliers and we will improve the conditions of the establishments affiliated with this type of mechanism which we retailers already use."

The business leader reported that this type of purchasing union already operates in Uruapan, Veracruz, Monterrey and Hermosillo. "We already have plans to increase them in the interior of the country."

Last, the vice president of CONCANACO predicted that 1984 will be better than this year. However, he felt that those retailers who have been decapitalized this year "will have great difficulty recovering although we in our institution are determined that they will."

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CSO: 3248/387

## SIXTY PERCENT OF PRIVATE FOREIGN DEBT RENEGOTIATED IN 1983

Mexico City UNOMASUNO in Spanish 19 Dec 83 pp 1, 7

[Article by Angelica Quezada]

[Text] About 60 percent of the foreign debt of the private sector--\$11.6 billion--was renegotiated this year. This prevented the bankruptcy or sale of the indebted enterprises and also favored the growth of nonpetroleum exports. They increased 23 percent as of September 1983 compared to the same period in 1982. The production system was strengthened, compensating for the inadequacy of the domestic market with foreign demand.

The foreign sector of our economy has improved, according to an analysis of the evolution of the behavior of the national economy made by the Mexican bank SOMEX [Mexican Association for Industrial Credit].

Estimates for the end of this year indicate that the trade balance will achieve a surplus of \$12 million and that the official exchange rate will reach 143.80 pesos per dollar. Foreign reserves totaled \$3.552 billion as of August, an increase of \$1.711 billion. According to SOMEX, the most significant fact is that there was a surplus balance in the current account in foreign transactions for the first time in the last four decades.

As to employment, the financial institution noted that the production system has been reinforced by reorientation of demand toward the domestic market and has confronted the decline in consumption this way.

It stated that employment in the rural areas showed a slight trend toward recovery during the last 8 months of this year.

In the urban area the number employed by construction enterprises rose slightly in August after dropping for 9 consecutive months.

The financial data cited by SOMEX reveal that there has been a favorable trend since foreign financing obtained as of August was 96 percent less than in the same period in 1982. It reached \$3.8 billion.

The net foreign debt of the public sector reached \$2.036 billion or 40.7 percent of this year's estimate.



Some \$22.5 billion of the short and medium-term foreign debt of the public sector were renegotiated. Of this, \$14.983 billion that should have been paid in August 1982 were transferred to the long-term debt.

The analysis by the Economic Consultation Department of SOMEX recognized, however, that there has been poor exploitation of credit. Of the resources available, only 293.8 billion pesos or 26 percent of the total flow have been granted as financing to enterprises and individuals.

It felt that the downward trend of passive interest rates can help stimulate credit demand which has been down until now because of the level reached in bank yields.

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CSO: 3248/387

## BRIEFS

SMALL, MEDIUM-SIZE PLANT DATA--The small and medium-size industries in the country represent more than 25 percent of national industrial development. They are an important source of employment and production of basic articles, generating national savings and balanced regional development. Carlos Cerecedo Diaz, researcher at the Advanced School for Economics of the National Polytechnical Institute, stated the above when speaking about the situation of small and medium-size industries. He also cited statistical data. He said that there are about 125,000 industrial establishments in the country but only about 1,500 are large industries. The rest--123,000--are small and medium-size industries. He estimated that between 30,000 and 35,000 are "very small" so there are about 85,000 to 90,000 small and medium-size industries. [Excerpt] [Mexico City EXCELSIOR in Spanish 20 Dec 83 p 28-A] 7717

JALISCO OVERSEAS SALES UP--Guadalajara, Jal., 19 Dec--According to Aurelio Lopez Rocha, president of the Western Mexico Foreign Trade Council, foreign sales by its members totaled \$120 million this year. He added that sales abroad of textiles, shoes, crafts, tequila and other products increased 40 percent compared to last year. He asked for firmer participation by the businessmen to open new markets for Mexican merchandise based on quality and the reliability of the manufacturers. After demanding an end to double parity, he said that the authorities must prosecute exporting enterprises that violate the law and thus obtain high profits. He said that some exporters who are not under the control of the authorities obtain large profits by acquiring preferential dollars to sell at the open exchange rate. [By Eduardo Chimely] [Text] [Mexico City EXCELSIOR in Spanish 20 Dec 83 p 30-A] 7717

GRAIN CONSUMPTION, IMPORT STATISTICS--Mexico consumes 36 million tons of basic grains per year and produces 28 million. It imports 9 million tons. Jose Ernesto Costemalle, general director of CONASUPO [National Company for Basic Commodities], stated this during a New Year's statement that turned into a press conference. The basic grains to which Costemalle referred are corn, wheat, beans, rice, sorghum and oleaginous grains. Costemalle also said that we had 3.8 million tons of basic grains in reserve in December 1982. As of December 1983, this reserve reaches about 6 million--that is, 2 million more than last year. As to volume of imports, the head of CONASUPO said that imports cost the country \$1.85 billion in 1982. The volume will be lower this year but the cost could be the same or higher due to market conditions. [By Gilberto de Estrabau] [Excerpt] [Mexico City EXCELSIOR in Spanish 20 Dec 83 p 10-A] 7717

COALITION GOVERNMENT FOR JUCHITAN URGED--Pablo Gomez, secretary general of the PSUM [Unified Socialist Party of Mexico], met yesterday with the Oaxaca governor, Pedro Vazquez Colmenares. During this meeting, the PSUM leader requested that the head of the Oaxaca government form a municipal government in Juchitan made up by the PSUM, COCEI [Labor, Peasant, Student Coalition of the Isthmus] and the PRI [Institutional Revolutionary Party] because of the acute political crisis in the Isthmus of Tehuantepec. The above was reported in a PSUM press communique. It was explained that the elections last 20 November were undemocratic "since it could be verified that a major portion of the PRI voters voted more than once. Also a large number of citizens could not vote due to serious irregularities in the voter registration list." [Excerpt] [Mexico City EXCELSIOR in Spanish 18 Dec 83 pp 1-A, 9-A] 7717

NEW DOLLAR PURCHASE LIMITATIONS--The Bank of Mexico passed stricter exchange controls by limiting the sale of traveler's checks to individuals to \$250. This has frustrated people going abroad for New Year's vacations and has caused cancellations in flights and hotels. It involves the dollar that is on the open market. Yesterday the exchange rate in nationalized bank institutions was 160.02 pesos. The institutions reported that although more dollars are received sometimes than sold, the Bank of Mexico decided to reduce sales to the public from \$500 to \$250. It was stated that demand has been growing in several banks and, therefore, it was necessary to reduce the amount available to individuals. [By Luis de Cervantes] [Excerpt] [Mexico City EXCELSIOR in Spanish 16 Dec 83 pp 5-A, 30-A] 7717

TAX RECEIPT STATISTICS--Estimated national revenue from income taxes for 1984 will be about 1.125 trillion pesos. The DF [Federal District] will generate 450 billion of this--that is, 40 percent. Of the 787 billion pesos that the country will collect in IVA [Value Added Tax], 35 percent or 275 billion pesos will be contributed by Mexico City. The DF Committee of the Chamber of Deputies announced the above and explained that the capital will contribute a total of 725 billion pesos in these two categories. The DF will only need 179.6 billion pesos or 40 percent of its revenue from these federal taxes in 1984. This means that Mexico City will contribute a total of 545.95 billion pesos in income taxes and the IVA next year for general national development. Regardless of the exactitude of the above figures and their general inferences, the Finance Committee and the DF Committee stress that they undoubtedly help illustrate the need to have a finance law that considers these sources of revenue from Mexico City. The DF Committee of the Chamber of Deputies revealed that the findings on the Finance Law for the DDF [Federal District Department] approved a year ago showed that the tax system has not responded to attempts to provide greater volumes of resources, contribute to urban renewal policies, promote socially productive activities and discourage activities that do not meet that criterion as well as contribute to revenue and wealth redistribution processes. [By Carlos Velasco M.] [Text] [Mexico City EXCELSIOR in Spanish 21 Dec 83 p 34-A] 7717

CSO: 3248/387

## PROBLEMS OF ARUBA'S SEPARATE STATUS

The Hague ANP NEWS BULLETIN in English 6 Feb 84 p 6

[Text] Amsterdam, February 6--Preparations to grant the Antillean island of Aruba separate status are going well, but some problems are still to be solved, the Dutch Minister for the Netherlands Antilles, Jan de Koning, said at the weekend.

Speaking at Schiphol airport on return from a visit to the six Caribbean islands, De Koning said that preparations were expected to be completed later this year, so that the Dutch and Antillean governments could discuss them in 1985.

Aruba was to be granted separate status from January 1, 1986, with a view to becoming independent in ten years, as agreed at a Round Table conference in the Netherlands last year, he said.

However, a support fund was to be opened to which the Netherlands, Curacao and Aruba were to contribute, to give the smaller islands the necessary 'security to make good their financial deficits if the state of the Antilles is not able to do so', he said.

## Political Situation

The political situation on Aruba was presenting difficulties, he said. He had held informal talks with Betico Croes, leader of the largest political party on Aruba, but would say little about them.

Croes has called for Aruba's special status to be brought forward, which De Koning has rejected. Croes's party, the Movimiento Electoral di Pueblo (MEP), is not represented in the Central Antillean government, and Croes is only prepared to join it if Prime Minister Don Martina's cabinet resigns.

During talks on development aid, De Koning said alterations in the system of Dutch support had been agreed, which would give the islands the opportunity to decide their own priorities. It would however, be a long process, he said.

CSO: 3600/8

## CHECKS, ADJUSTMENTS NEEDED IN PRODUCTION INCENTIVE POLICY

Managua BARRICADA in Spanish 3 Jan 84 p 3

[Article by Nathan Sevilla Gomez: "Incentives for Producers as a Function of Society"]

[Text] The policy of incentives for private, cooperative and state sector producers is a focus of interest within the Nicaraguan trade union movement.

The policy of incentives for producers reflects the potential provided by the mixed economy for the various sectors participating in the production of material goods, in farm activities and in industry. It is necessary to sponsor an increase in production volume in certain categories, such as for example farm export products and basic foodstuffs.

From the political point of view, the incentives contribute to strengthening national unity by offering producers an acceptable profit margin.

From the point of view of the people's economic interests, the incentives must meet the conditions ensuring that they are reflected in greater production and better living and working conditions for the workers and peasants, who are the direct producers of material wealth.

Under the complex conditions of an economy suffering from the crisis in the capitalist system, with its inflationary impact and the decline in prices for our products, the need is evident for new prices for producers, who bear the new production costs and pursue the profitability which is affected by the decline in international market prices.

We cannot lose sight of the fact that inflation falls directly on the shoulders of the consumer public, and that for this same reason, the wage policy is closely linked with the movement seen in prices, which directly affects the purchasing power of the wage earner. The wage policy must reflect these factors.

However, what is of interest to us now is to note the general requirements which must be met in providing the producers with incentives, so that this policy will be healthy for society, not a reward but a factor with greater production as its counterpart.

First of all, incentives must be linked with greater productivity, which must necessarily be measured by increases in the products of each producing unit,

encouraging the producer to exceed his previous production limit (in particular in the farm sector and in the industries which have provided basic raw materials and supplies).

The very term incentive is oriented toward encouraging production, and not simply achieving better prices for the products. With a properly applied incentive, the results achieved will be more production and more profitability for the producers.

Another aspect of the application of incentives may be linked with the expansion of crop-raising areas, which the state can reward with better prices for the products which exceed the earlier total.

It is essential that the producers and their production be properly recorded for the purposes of utilizing the incentives.

Another aspect of the price to the producer is production costs. In practice, they are not separate, but are a part of the same production costs-profitability margin-price to the producer equation.

Due to the anarchy in production costs, which are not governed by a single norm in our country, any calculation of production costs will be affected by a distortion due to the inclusion of social, supernumerary and administrative shortage expenditures in the cost.

However, it is necessary to adopt a single norm for the production costs throughout the country. In this way, it will be possible to calculate what really is a part of production costs, without adding to them other expenditures unrelated to this concept.

The different criteria used by the capitalist and state production units provide an example of the difficulties in utilizing different production cost concepts. Where the capitalist sector is concerned, it will be difficult for us to establish the supernumerary or social costs.

The capitalist producer does not sacrifice his profit margin to benefit the unemployed or to achieve social improvements for the workers, except when the law and the organized strength of the workers force him to do so.

On the other hand, the social expenditures and the supernumerary problem are greater in state or cooperative production units, which respond to social interests.

If the proper correction is not made in these two different situations, what will happen is that the state and cooperative production units will be demanding a higher production cost, one which would not be real, and the capitalists would be the great beneficiaries therefrom, with a large increase in their profit margins.

As a result, the production costs should not be burdened with other expenditures, which should be regarded by the state as public expenditures. Thus

the same parameters will be used to measure the true costs of production more rationally.

To summarize, the incentive policy should be based on a suitable analysis of production costs, and on the encouragement of production exceeding the previous limits. Its application will be more effective at a time preceding the beginning of the productive cycle, and with the proper registry of producers and their production. It is not a healthy thing to allow better prices for producers who have not properly established the correct calculation of production costs or incentives for greater production.

As a counterpart to the incentive policy and inflation, an adjustment must be made in wages such as to offset the decline in the purchasing power they represent. The workers organized in trade unions, for their part, must make the observance of the labor laws which protect their rights effective, along with great willingness to increase efficiency in production, which is the basis for an improvement in the quantity and quality of the basic services and goods our people need in their battle for national reconstruction.

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CSO: 3248/373

## CGT, FPR MEMBERS ATTACK PRIVATE ENTERPRISE COUNCIL'S STUDY

Managua EL NUEVO DIARIO in Spanish 28 Dec 83 p 9

[Text] Veteran labor leader Pedro Turcios of the CGT(I) [General Confederation of Independent Workers] told EL NUEVO DIARIO: "How can COSEP [Higher Council of Private Enterprise] and the Nicaraguan Chamber of Construction ask for union freedom and the right to strike when they have been the fiercest enemies of the working class and the unions?"

Referring to the document published by COSEP and all the anti-Sandinist organizations in the country in LA PRENSA Monday, Turcios stated that, under the Somozist dictatorship, those business organizations opposed the workers organizing into unions.

Turcios said: When we went on a just strike, the construction management, the Pereiras and those in SOVIPE [expansion unknown] used the "Somoza Battalion" against us. It beat and imprisoned the workers.

We workers have more unions and more union freedom now than ever before. He added that there are hundreds of unions in the Nicaraguan Trade Union Coordinating Board.

As to the right to strike, he said that this was valid under Somozism because the workers used it as a political weapon against that system. It is absurd to go on strike today when we have an economy weakened by the aggressions of Yankee imperialism and the economic blockade. He added that we workers are in complete agreement with the revolutionary government today.

Turcios emphasized that "Collective Agreements" are respected now which the rich businessmen never permitted before. Why go on strike against a government that represents the interests of the workers?

He harshly criticized the CTN [Central Organization of Nicaraguan Workers] and the CUS [Confederation for Trade Union Unity] for repeating what COSEP--that is, their boss--tells them to. He said that they speak out because they are in imperialism's pay and have to earn it. He stated that those who are affiliated with the ILO are merely docile servants to the interests of the U.S. Government.



Finally, he stated that the Nicaraguan workers support and will continue supporting the revolution. In the 1985 elections, they will demonstrate to the enemies of the people that they are wolves in sheep's clothing, that the workers have the power in Nicaragua.

#### Create Distrust

The coordinator of the Revolutionary Patriotic Front stated that the COSEP document published in LA PRENSA is an attempt to arouse distrust among the people concerning the elections that will be held in 1985 and guaranteed by the revolutionary government.

Dr Tablada made the statement on the show Radioinformaciones on Radio Noticias. He stated that the leaders of the opposition parties demonstrate with such a document that they have not assimilated anything of the development of the democratic process in Nicaragua during these 4 years of revolution, taking into account that there has been an armed revolution here.

Tablada said that these gentlemen at COSEP and the others who second them think that power was taken here as if through a coup.

Tablada, also a member of the Politburo of the PSN [Nicaraguan Socialist Party], refuted all the arguments of the opposition parties. They are now setting conditions and instilling distrust in the people in the 1985 electoral process which the Revolutionary Government of National Reconstruction is promoting in all seriousness and sincerity.

Dr Tablada said that all this is part of a U.S. imperialist maneuver in which the pro-American sectors of the country headed by COSEP are participating. That document was endorsed by all the organizations that signed it.

He reminded those gentlemen that here in Nicaragua it was the people led by the vanguard FSLN [Sandinist National Liberation Front] who overthrew the Somoquist dictatorship. The process of democratic institutionalization of the revolution has begun firmly through the strength itself of the revolution, not through any foreign pressure.

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CSO: 3248/372

## SANDINIST WORKERS FEDERATION ADDS 62 MEMBER UNIONS

Managua BARRICADA in Spanish 31 Dec 83 p 5

[Text] According to a report from the CST [Sandinist Central Organization of Workers], 62 more unions joined that organization in 1983. It added that next year they face the challenge of working on the supply of basic products, considering the difficulties that the country confronts.

Comrade Carlos Borge, national secretary of labor affairs, said that 158 collective agreements were signed this year which benefitted 52,336 workers. These included the agreement with the National Federation of Construction Unions and 42 wage agreements that benefitted 48,457 workers.

Comrade Allan Chavarria, CST secretary of propaganda, commented that in this past year the formation of national unions of sugar, oil and construction progressed. The formation of the National Union of the Textile Branch is planned for the beginning of 1984.

He also pointed out organizational progress in the CSN [Nicaraguan Trade Union Coordinating Board] since August 1983 when the Ad-hoc National Council of that organization drew up the wage policy proposal. Discussions on this resumed a week ago.

## Social Aspects

Although the CST will not release the complete report of its activities until 7 January 1984, comrades Borge and Chavarria announced some aspects in the social field. They pointed out the signing of an agreement between the CST and the Ministry of Housing which includes the construction of 3,000 basic modules (housing) for workers in different regions and the awarding of 4,000 lots.

This agreement includes 60 million cordobas granted by the government junta for the construction of housing. Borge said that about 75 percent must be constructed and delivered in 1984.

He also pointed out that the supply of basic products was inadequate, irregular and unstable in the commissariats in 1983. One of the causes was that many products were allocated for the front line of military defense of the revolution.

Borge commented that these problems arose in Region IV (Granada, Carazo, Masaya and Rivas). An agreement was recently reached with authorities of MICOIN [Ministry of Domestic Trade] to achieve a better supply beginning in January.

Other aspects pointed out in the CST report include training workers to be health brigade members and holding 208 work hygiene and safety inspections.

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## EPISCOPAL CONFERENCE PRESIDENT ON MARXISM, MISKITOS

Managua BARRICADA in Spanish 28 Dec 83 p 12

[Article by Alberto Reyes]

[Text] He was waiting for the 6 pm Mass. Monsignor Vega checked his watch. We told him that I had prepared this question since his secretary had confirmed the interview. The priests have erected an entire structure for the theory of knowledge. Have you studied Marxism?

The bishop answered: "Through interest and obligation when I was at the university. It is one of the specialties of theology after sociology. It was studied not only as Marxism but as a philosophical process and part of the birth of what is called positivist philosophy."

We questioned why the word "dialectic" or the phrase "unity of opposites" are part of Monsignor Vega's vocabulary.

He noted: "I think one of the problems in Marx' language is that the sociological instruments for humanistic analysis did not exist at the time he wrote. I believe he spoke in his time using a positivist philosophical terminology with a chemical-physical type of comparison. He does not speak using purely sociological instruments."

He felt that it was necessary to put some of Marx' things in context. He added: "He wanted to criticize the lack of humanism but the instruments did not permit him to erect a theory." However, he agreed: "It seems to me that Marxism has scientific contributions and criticisms of the social situation. However, problems arise when Marxism tries to become a dogma."

### We Must Study It

Monsignor Vega expounded on this theme. According to him, the dispute arises when it is necessary to discern between "what is a contribution and what is wealth in evaluating the economic mechanisms that oppress man. Marx does that well. However, to take that analysis as the only one is contrary to science."

"Monsignor, don't you think there is a contradiction between what you have studied and the opposition of certain religious sectors to Marxism being studied in Nicaragua? Do you think it should be studied?"

"I agree. We have to study it all and learn it in depth. What we are afraid of is not the scientific point of view but a totality that tries to gain control over man, a total concept. That is why we place obstacles; it tries to become a dominating power over man."

"Have you 'encased' that knowledge of Marxism in your universal knowledge of humanism?"

"It is hard to say; no one incorporates it all that quickly. It is said in sociology, for example, that a theory cannot be truly defined. As soon as one theory has been elaborated, a new one becomes necessary because sociology is a living science. It is living because it is based on life, not stagnation."

"This happens in human life. There is never one truth that can be considered all-encompassing. We always have truths. This forces us to unveil new ones as we discover more and more layers in human life."

#### Miskito Problem

Referring to the "opening," Monsignor Vega added: "The idea of reconsidering the Miskito problem not as a political problem but as a sociocultural one shows true recognition of a reality of our people. To me, this is very encouraging," stated the president of the Episcopal Conference.

The following question from BARRICADA concerned Nicaragua's peace proposals to the Contadora group and the actions derived from them like the amnesty for the Miskitos, the decrees of guarantee on 4 December and confirmation of the announced elections.

Monsignor Vega acknowledged: "To release them (the Miskitos) from prison helps. However, if this is done but the basic respect for the culture does not change, the process again takes over and there will be continued discontent."

Monsignor Vega, a fluent conversationalist, added: "There must always be some sort of listening post to see how the people receive these positions. The openings must be surrounded by deeds so that the decrees are effective...."

He commented: "Keep in mind what the statement of a revolution means. At the beginning, it must be based on a theoretical plan. However, as it matures, it must be acknowledged that there is a living reality. This is not produced or improvised. This is what makes a process accepted by the people; it must be assimilated by them."

#### Radio Catolica, Television

The president of the Episcopal Conference does not hide the fact that the church is interested in the political overview. During the interview, he made vehement statements as "constructors of peace and the world." He commented that the mass media are indispensable in this.

We jumped on this topic and asked him for an explanation of the operations of Radio Catolica and its nature. He revealed that the Archdiocese of Managua

has assumed administration because of lack of personnel. "Originally the Episcopal Conference was to do this but since we did not have the executive or economic means, it has been maintained this way."

Bishop Vega announced that the Episcopal Conference is about to decide whether to incorporate in order to formalize the assets that belong to the conference like the seminary, Radio Catolica and the future ecclesiastical headquarters that will be constructed.

He stressed that it is necessary to define the different ministries in a corporation. Interrelationship is necessary. He gave education as an example. "It must motivate and give incentives to man."

"When the bishops' letter on education was released, it was not that the church wanted to plan education--planning falls under all pedagogy. It maintained that the state plays a part in it but must not politicize it. There are things on which we clash but we must not do this as if we were opponents to be eliminated. The law on opposition is so that we can contribute to each other to complete ourselves."

#### Ideological Aggression, Discernment

The last topics of the interview were what Monsignor Vega called some days ago "ideological invasion" and the New Year's Eve message we requested for the Christian people.

"Don't you think the people are capable of discerning in the daily practice of universal ideas those that best suit their interests?"

"The people can discern but the problem is that they do not when they are pressured. Therefore, we consider it ideological aggression when there is systematic imposition or force inhibiting other possibilities."

"As I said, we are not afraid of proposals but of not having the possibility of carrying out discernment and criticism at the same time. That is the difference. We were discussing this a little with Comandante Borge."

#### On Peace

Monsignor Vega said that Christmas is "a rebirth with responsibilities in this world to make it a world of peace. It is a rediscovery of oneself as master of one's own fate. It is finding oneself in this infinite dimension so that we become constructors of peace."

"We must convince ourselves and begin to say to each other: let's make peace; you're right, let's make peace. We will assume a different task, a different attitude. We will be like Christ, our own saviors."

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CSO: 3248/372

## AGRARIAN COURT DEFENDS EXPROPRIATION JUDGMENTS

Managua BARRICADA in Spanish 29 Dec 83 p 8

[Text] The function of the Agrarian Court as a juridical institution guaranteeing ownership to producers who work efficiently has been consolidated, the members of that court told BARRICADA, after commenting on the decrees by the government junta guaranteeing land to all Nicaraguans who want to produce conscientiously in order to advance the economy of the country.

Amada Pineda, Ciro Orozco and Alfonso Nunez, members of the Agrarian Court, said that the government decrees in no way affect or are in conflict with the Agrarian Reform Law, which is one of the strategic projects of the revolution and which guarantees possession of the land through efficient exploitation of it.

The interpretation made of the Agrarian Reform Law by LA PRENSA, S.A., which reported in a recent issue that the Agrarian Court had confiscated 16 farms, was described as dishonest. Ciro Orozco said that the function of that body is not confiscation but expropriation of fallow or inadequate exploited property.

Of the 14 expropriations effected, Orozco added, there was no appeal in seven instances, perhaps due to ignorance of the law on the part of the lawyers advising their clients.

Two of the properties taken over by the Agrarian Court, the majority of which belong to landowners in Matagalpa and Jinotega, were returned to the owners, while the agrarian reform court instances reversed the decision on two others.

## Disastrous Farm Conditions

Moreover, Alfonso Nunez, another member of the court, said that 99 percent of the expropriations were well-founded, because during inspections made by the court the total deterioration of the properties, which were gone over inch by inch with a view to the implementation of the law, was noted.

In this connection he invited all those producers who might so desire to accompany the members of the court when a property is to be expropriated, in order to see in what situation such properties are when they are taken over by the state. A special invitation was extended to the large farm producers organized in the COSEP [Higher Council of Private Enterprise].

This year, the court has handed down 116 judgments, of which 60 have not been appealed, despite the readiness of the authorities to pursue exhaustive investigations, as provided by the juridical regulations governing that body.

#### Ownership Mechanisms

The members of the Agrarian Court indicated that in order to avoid anomalous situations involving the producers, meetings with all of the authorities involved in production and the development of agrarian reform are being held in all regions of the country. These authorities are expected to report all of the problems encountered immediately to the proper bodies. To date, meetings have been held in the Second, Fourth and Fifth Regions, and emphasis has been placed on the reports of the MIDINRA, which should be complete and exhaustive.

In this same connection, the close links maintained between the court and the UNAG [National Union of Crop Growers and Livestock Breeders] in order to avoid expropriation of the properties of small and average producers were pointed out. "The state has no interest in expropriating the land of small owners. On the contrary, with agrarian reform the desire of the revolution to turn over the land to all those who work it has been confirmed," he emphasized.

#### Properties Returned

Recently, the properties of five livestock breeders located in various departments were returned to the owners. These owners were Alfonso Gonzalez Soarez, in the Department of Managua; Salvador Solano, in Chontales; Concepcion Martinez Dolmus, in Achuapa, Sauce; Juan Aparicio Rodriguez, in Jinotega; and Noel Guerrero Aguilar, in Nagarote. The return of four other farm properties to their owners is also pending the completion of studies.

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## PRIVATE COTTON GROWERS WANT GREATER PROFITS

Managua BARRICADA in Spanish 31 Dec 83 p 8

[Text] Posoltega--Various aspects of cotton production were analyzed by the private producers in the three main associations in the country, representatives of the MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform] and the National Cotton Commission in a meeting here.

Engineer Alvaro Fiallos of the MIDINRA and Luis Lacayo, director of the National Cotton Commission, debated with representatives of the Eastern and Western Cotton Producers Association (Leon and Chinandega) for several hours on major issues having to do with production costs per block and boll weevil control.

Concerning the first issue, and taking the increases in the cost of supplies, transportation, manpower and real prices into account, the conclusion was reached that the cost per block this season will exceed 16,000 cordobas, which would maintain the balance point in terms of the 12,000 cordobas currently established.

On the other hand, the private producers indicated that the guaranteed price, which is 1,100 cordobas now, should be increased to 1,600 in order to provide an acceptable profit margin. This last concern was taken under study by the representatives of the government.

Some issues pertaining to the boll weevil control program, mainly having to do with the implementation and cost thereof, were also brought up at the meeting.

This subject was fully analyzed, and certain points of agreement were finally reached and also recorded.

Manuel Cano Sarria, the director of the Chinandega Cotton Growers Price and Profitability Association, speaking of the production cost per block of "white gold," told BARRICADA that on the basis of bank figures, the 16,000 cordobas "constitute a point of balance." "What remains to be seen is profitability," the producer added, although he admitted that this price is acceptable.

Cano Sarria expressed his certainty that with the earlier cost of 12,000 cordobas, "we would lose about 3,000 cordobas per block, approximately, based on production of 35 quintals."

Concerning the guarantee price of 1,600 cordobas which they propose be established--currently it is 1,100-- he said that "the price increases mean a loss of 2,500 cordobas per block for the producer."

The director of the Chinandega Cotton Growers Association said that there are other problems involved in the harvest, but that these two are the most important.

He said that the others include better planning for the delivery of farm supplies. He also noted the shortage of methyl malathion, which has affected boll weevil control.

"We need all of the supplies to be in our hands at least by August, eliminating installment imports, which cause us problems," he added. "We received them very late," he explained, although he said he recognized the difficulties resulting from the revolution and the foreign exchange problem.

Enrique Bolanos of the Eastern Cotton Growers Association, for his part, said concerning costs that they vary depending on the characteristics of each region and weather factors. He added that this variation is related to the transportation distance involved for the product or supplies, which increases production costs.

Concerning the proposal to increase the guaranteed price to 1,600 cordobas, he said that this would allow producers to reinvest in machinery and equipment in order to operate more efficiently.

He reiterated the producers' determination to increase production, and he said that these measures will benefit everyone, including small farmers and the farm cooperatives in the cotton-growing sector.

Representatives of the Association of Agricultural Workers (ATC) and the National Union of Crop Growers and Livestock Breeders (UNAG) also participated in the meeting and set forth their views on the subjects analyzed.

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CSO: 3248/373

## BRIEFS

TATUNG ELECTRONICS PLANT--Castries, St Lucia, 14 Feb (CANA)--A 2.2 million U.S. dollar electronic plant is to be established in St Lucia this year. A letter of intent, which provides for the setting up of the company has been signed between the chairman of the Tatung Company of Taiwan, T.S. Lin, and Prime Minister John Compton. The company, to be owned jointly by the Tatung Company and the Government of St Lucia, will manufacture electronic goods including household appliances. Tatung is one of the largest groups in Taiwan, employing over 23,000 persons and manufacturing over 300 products, including desk top computers, televisions, video tape recorders, heavy industrial equipment and power plants. For more than four years, Tatung televisions have been assembled in St Lucia by Techmatics Limited, under a collaboration agreement between the two companies. The Tatung delegation to St Lucia comprised the president and chairman of the main company in Taiwan, the president of the U.K. division and the president of the U.S. division. The proposed company will be called Tatung (Caribbean) Limited and will join Tatung (USA) and Tatung (UK) as part of the Tatung Group's overseas operations. [Text] [FL151844 Bridgetown CANA in English 0000 GMT 15 Feb 84]

DIPLOMATIC RELATIONS WITH TAIWAN--Taipei, 13 Jan (CANA-REUTER)--Taiwan and the Caribbean nation of Saint Lucia today established diplomatic relations at ambassadorial level, a joint communique announced. The communique was signed by Taiwan's Premier Sun Yun-Suan and St Lucia's Prime Minister John Compton, who arrived yesterday for a five-day official visit. Taiwan now has diplomatic ties with 25 countries compared with more than 100 which maintain relations with Peking. [Text] [FL131438 Bridgetown CANA in English 1307 GMT 13 Jan 84]

CSO: 3298/1128

## BOUTERSE STRESSES IMPORTANCE OF NATIONAL UNITY

Paramaribo DE WARE TIJD in Dutch 12 Dec 83 pp 1, 2

[Text] In the hall of the Lalla Rookh Building which was crammed to overflowing the leader of the revolution discussed Saturday afternoon the plans to invade our country with the support of foreign nations and also the 25 February Movement. Lt. Col. Desi Bouterse said that unity was needed to prevent an invasion. He made it clear that the Dutch colonizers hate us because they can no longer tell us how to do things here. The Commander also said that they are furious because in spite of the suspension of the development funds and the decline of the bauxite industry Suriname made progress in agriculture, lumber, energy, and the industrial sector. He told in detail how the international press, with the Dutch in the forefront, is trying to give our country a bad name. The leader of the revolution said that this is also a part of their plan to invade us with the help of mercenaries and to massacre the population.

## Invasion

Lt. Col. Bouterse began with a discussion of the invasion foreign powers are planning with the help of Surinamese and foreign mercenaries. He also mentioned that a lot of people do not realize what would have happened if the plans to commit arson and murder had not been nipped in the bud. It is important to stay alert to be able to also thwart such actions in the future. They are simply planning to destroy our country but we will not take that lying down. Indeed, we will become aggressive if necessary.

## Firm Pattern

Lt. Col. Bouterse explained then that these invasion preparations are invariably following a certain pattern in which the international press is playing an important part. The is trying to hurt the image of the leader of the revolution through false insinuations. The incidents are always described in a manner contrary to the truth; all sorts of news items are distorted, Rumors were spread that the arrested arsonists were paid by us to tell their stories. Lt. Col. Bouterse said that Surinamese citizens are also employed to create an atmosphere of unrest; every revolution has its traitors. This is the first phase of the preparations

to invade our country, in the second phase arson and murderous assaults will be used to stir up panic. This would create an excuse for an invasion from French Guyana. Preparations were already in an advanced state of execution. Even to such a degree that a Dutch warship made a special voyage to Curacao because Chin A Sen had told the Dutch that his plans would this time meet with success. Loudly applauded by the public he declared: "That ship is meant to intimidate us, but they will not succeed."

#### Barometer

The Commander emphasized that a second barometer is showing us when something is about to happen. It exists of the Surinamese here who are helping the colonizer. For instance, they use the telephone to feed the Dutch press all sorts of lies.

But we know them and we keep an eye on them. Their behavior tells us when conspiracies to invade us are made abroad. The intended invasion was prevented by the alertness of the entire population. We have now enlisted the army, the police, and the people's militia to guard vital industries day and night. Desi Bouterse also mentioned attempts to depict the people's militia as bands of bullies and terrorists. They failed because it is clear to everybody that the people's militia is performing an important task.

#### The Netherlands

Commander Bouterse said that he has nothing against the Dutch people because they are also facing hard times. Unemployment, closed factories, and reductions in salaries are hurting the entire Dutch population. And although there is said to be democracy, cruise missiles are stationed there against the will of the majority of the people. The Dutch government is the real colonizer, it pays traitors and provides them with shelter; it lets its media serve the counterrevolutionaries, and it makes preparations to invade us. They really hate us! We want to control our own human and natural resources, we want to be an independent nation, choose our own friends, and govern our country the way we want it. According to Lt. Col. Bouterse can therefore no longer manipulate us and they consequently hate us.

#### Press

He also denounced the role of the Dutch press which has stopped writing about the bloody invasion that should have materialized, it is now writing about the persecution of Hindustani which is allegedly taking place in our country. It has deteriorated to such an extent that at the end of last month the Dutch press bureau declared that the arrest of the arsonists was an indication of the murderous character of our government. They do not hesitate to resort to lies to justify an invasion. The leader of the revolution referred in this respect to freedom of the press so highly

praised by the Dutch. He said that we do not need such freedom of the press if it means that a murderer and arsonist be described as a hero and the people's militia as a band of terrorists. We are only a small nation and we do not have the means to manipulate the world press as the Netherlands is doing to justify an invasion.

#### Unity

On us rests the historic responsibility to improve matters in our own country and to prevent an invasion. This can only succeed if there is unity. Unity on all fronts and all levels.

Commander Bouterse went on to say that his government is now in the process of creating organs to promote and develop such unity. With the proclamation of the 25 February Movement and on Brasa de we have shown the world that we want to be united and that we stand behind efforts to achieve this. In spite of the suspension of the Dutch development payments which belong to us and the decline in the bauxite industry our economy improved in several areas. Agriculture, forest products, energy, and industry are clearly showing growth. It makes the Dutch furious and they hate us because of it. Our successes are only possible because the people support the program and they work hard to achieve its success, according to Bouterse.

#### Work

There is still a lot to do in our country, just think of the lowest incomes, the problems with education, unemployment, illiteracy, and the great shortage of housing for the lower classes. We have no time for gossip. We must focus our attention on these problems and rid our country forever of the colonizer. Because, as long as he has roots here he will want to come back. Also, a lot of work still needs to be done to allow the 25 February Movement to function smoothly. The Leader of the Revolution said that we are busy establishing organs and procedures which will then be discussed with the people. He pointed out that there are now a number of committees engaged in propaganda, education, international relations, social economic problems, discipline and organization of the movement. The members of these committees have definitely no privileges; they have to work harder than everybody else, according to Lt. Col. Bouterse.

#### 25 February Movement

The leader of the revolution told us that the 25 February Movement is planning to establish sections, for instance, for young persons, women, farmers, entrepreneurs, etc. This will really be done in a democratic manner as the people involved are invited to express their opinions. Everybody can become a member of the movement on a personal basis but groups are not accepted. The reason is that all groups have certain

peculiarities and as a member of a group one could hide behind its discipline and avoid one's responsibility toward the movement. Concepts are being prepared and will be presented to the people for approval. We are trying to be ready by the middle of January. We are now also training the leaders of the movement. To become a leader one has to comply with certain standards of dedication and understanding. We are now in an experimental phase in which all kinds of subjects will first be submitted to the people before decisions will be taken. We will continue to explain things on a regular basis and to render an account of what is going on.

10319

CSO: 3214/5

## 'THINK TANK' MEMBERS INSTALLED, ADDRESS PRESS

Paramaribo DE WARE TIJD in Dutch 26 Jan 84 p 1

[Text] The Commander of the National Army, Lt Col Desi Bouterse, installed the members of the think tank Wednesday morning in the People's Palace. After the installation, the press had a talk with the chairman of the think tank, Mr Frank Leeftang.

## The Think Tank

The think tank is under the leadership of Mr Frank Leeftang and consists of the following members: Fred Derby and Romeo van Russel (representatives of the labor movement), Dr Pertab Radhakishun (representative of the Association of Suriname Trade and Industry [VSB]), and Mr John Wijdenbosch (representative of ASFA [Association of Suriname Manufacturers]). Dr Jules Wijdenbosch and Dr Wim Udenhout were, together with Mr Leeftang, appointed by the Revolutionary Leadership to participate in the think tank.

## Task of the Think Tank

According to the chairman, Mr Leeftang, the main task of the think tank is to indicate those structures and institutions which guarantee participation by all of society in the further development of the revolutionary process such that a form of lasting democracy can be guaranteed. The think tank will, Mr Leeftang continued, cooperate closely with the interim cabinet and the revolutionary leadership. That does not preclude members of the think tank from having a spot in the interim cabinet, but we have not yet come that far.

## Suriname Belongs to All of Us

The country, Mr Leeftang said, belongs to all of us, regardless of the interests that we are pursuing. The revolution has always learned from its mistakes, and the people will always be involved in the revolutionary process.

Surinamers must cooperate in pulling Suriname out of the impasse, we must broaden the basis for cooperation and involve more functional groups in the process, Mr Leeftang said.



## Participation of Trade and Industry

Mr John Wijdenbosch made a short statement concerning the participation of the ASFA and the VSB in this think tank.

Operational structures and institutions are necessary in our society, Mr Wijdenbosch said.

Society must be able to participate in the development process of our country in total freedom and legal security. Whenever sanctions must be taken, it will have to be the case that legal security remains intact.

The ASFA and the VSB have consequently seized the opportunity offered them to contribute by participating in the think tank, Mr Wijdenbosch said.

12271

CSO: 3214/18

## BRIEFS

ANGOLAN ENVOY IN HAVANA--Yesterday morning Sgt Maj Charlo Doedel, head of the NVD [National Information Office], received the Angolan ambassador Joao Batista Mawete in his office. Ambassador Mawete is stationed in Havana. He came on a special mission to our country for the proclamation of the 25 February Movement. During his stay here he was also received by the leader of the revolution Lt Col Desi Bouterse with whom he had a long discussion about affairs of mutual interest. During yesterday's conversation with Sgt Maj Doedel, head of the NVD, Ambassador Mawete gave a detailed account of the history of the Angolan revolution and analyzed the attacks of the imperialist and racist government of South Africa on Angola. It was then Maj Doedel's turn to explain the situation in our country and the position we occupy in our area. Subject of the conversation during yesterday's meeting between the head of the NVD and the Angolan ambassador was also the recently foiled attempt to overthrow our government. Ambassador Mawete will remain a few more days in our country before he returns to Havana. [Text] [Paramaribo DE WARE TIJD in Dutch 2 Dec 83 p 20] 10319

JAPANESE EXPERTS ARRIVE--In keeping with the fishery agreement between Suriname and Japan, four experts arrived in our country recently. They will be especially devoted to the further development of the Population Fishery project at Boskamp. There they will teach local fishermen about the optimal use of the various types of fishing gear and about the processing of fish. Two Japanese experts were already in our country in this context; they set up a smoke house at Boskamp at that time. We in Suriname can still learn much in the area of the processing of fish from the Japanese, who know the right way to process and offer for consumption many types of fish found in our country. This is how white salmon and collared herring were introduced earlier and how various kinds of smoked fish were put on the market. In this way, better use can be made of types of fish found in Suriname, the consumption of fish can be stimulated, and the income of local fishermen can be increased. The experts will remain in our country for approximately 1 year. [Text] [Paramaribo DE WARE TIJD in Dutch 20 Dec 83 p 1] 1227

CSO: 3214/18

## SPENDING CUTS TO REDUCE BUDGET DEFICIT EXPECTED

Caracas EL UNIVERSAL in Spanish 27 Dec 83 p 2-2

[Text] The next administration will attempt to deal with the 1984 budget deficit of 10 billion bolivars without resorting to an across-the-board devaluation of our currency or to higher taxes.

The new administration will also leave the current exchange rate system in place for a few more months as part of a move towards a uniform system and the definitive restoration of confidence. During the first few months the government will gradually transfer the items that are on the 4.3 to the dollar list to the 6 to the dollar list. The possibility has also arisen of pegging the petroleum dollar at 7 bolivars.

These and other economic measures that the Lusinchi administration will put into effect were discussed on Friday at Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] by one of the president-elect's economic advisers and top business leaders, who were interested in further information about economic policy.

For example, the feeling is that the 1984 budget deficit of more than 10 billion bolivars can be dealt with satisfactorily as long as the new administration's experts firmly intend to attack it with sharp cuts in public sector spending, without having to resort to an across-the-board devaluation or higher taxes.

We learned yesterday from one of the people at the Friday meeting that the incoming administration's aim of sharply cutting government spending has been well received by business leaders. They feel that in so doing President Jaime Lusinchi will justifiably be able to demand sacrifices from labor and management, which are already deeply involved in the Social Pact. The private sector would thus be able to create jobs and meet its commitment of helping to reactivate the economy, without neglecting the workers' social benefits.

As far as the foreign debt is concerned, the idea being tossed around is to set up an equalization fund to gradually pay off the public debt. The hope is to reschedule under favorable conditions for the country.

As for the private debt, private borrowers with debts in foreign currencies could deposit the amount of the loans in bolivars, and the Central Bank could authorize payments in accordance with the availability of foreign exchange. We were unable to learn at what exchange rate they would be paid off. The bolivars that businesses with debts would deposit in the Central Bank would be regarded as deposits by nonresidents and would earn interest.

It is also felt that the next administration could postpone negotiations with the International Monetary Fund by sending it a letter leaving open the possibility of future talks but without initially specifying anything, which would be unnecessary.

According to a number of estimates that have been bandied about, oil revenues in 1984 could total around \$15 billion. Some \$6 billion would be used to pay for high priority imports; \$4.5 billion for the public debt; \$1.5 billion for the private debt; \$1 billion for the diplomatic service, and some \$2.5 billion for Venezuelan Petroleum, Inc. The country's foreign exchange earnings from nontraditional exports would have to be added to this. These are the figures that have been looked at so far, however.

8743

CSO: 3348/240

BUDGET DEFICIT FOR 1984 ESTIMATED AT 6.6 BILLION BOLIVARS

Caracas EL UNIVERSAL in Spanish 24 Dec 83 p 2-1

[Article by Alan Lugo G.]

[Text] The Finance Ministry has estimated the 1984 budget deficit at 6.6 billion bolivars, a figure with which the analysts of the International Monetary Fund agree.

This was what Dr Alfredo Machado Gomez said yesterday when asked about the year-end message from the president of the Central Bank.

Dr Alfredo Machado Gomez agreed only to comment briefly on the message, because he acknowledged that he had not yet read the complete original version.

We have attempted to conduct a wideranging survey of reactions to Diaz Bruzual's remarks in his year-end message. We wanted to consult most of the country's economic sectors, but we were unable to locate all of the leaders we wished to question.

Three former presidents of the Central Bank voiced their opinions, which should give us some reference point for gauging the significance of the message and the information it contains.

Alfredo Machado Gomez

He began by stating that many of the things that Diaz Bruzual says are correct and verifiable, as his comments tend to be. He feels, however, that the content of the message would have to be studied in greater detail.

Machado Gomez said that Dr Diaz Bruzual is right when he says that many of the distortions that the country has experienced in the year drawing to a close were not the Central Bank's fault.

"My own view is that the dislocations that we have suffered and that it will take hard work and great sacrifice to overcome are directly and exclusively due to the imprudent management of public finances

by the Executive Branch, especially the Central Administration. This imprudent management took two forms: excessive government spending, particularly current spending, at the expense of investments, and secondly, irrational, foolhardy overseas borrowing, which failed to take into account the country's real debt-servicing capacity and did not provide for the appropriate use of the proceeds."

He feels that the actions of the Executive Branch largely prevented the Central Bank from meeting the objectives with which the law creating it entrusted it. Article 2 of the law states that the Central Bank's "primary aims will be to create monetary, credit and exchange conditions conducive to the stability of our currency and to an orderly and balanced economy and to assure the continuity of the country's international payments."

"Any reader will realize that not a single one of these goals of monetary and fiscal policy has been achieved."

He pointed out that the budget deficit is there for all to see, adding that although he has not made any estimate of how large it is, he has heard that the Finance Ministry has placed it at 6.6 billion bolivars, a figure with which the analysts of the IMF agree.

He feels that this obviously very large deficit can only aggravate the dislocations that the economy is beset with and that are due to similar trends in the past.

As for the Treasury deficit and the possibility of using the profits from the gold revaluation, Dr Machado Gomez remarked that he has heard unconfirmed rumors that there have been requests to transfer the profits from the gold revaluation (profits on paper only) to the National Treasury. In addition to being unorthodox because it would be an attempt to make available hoped-for but not yet realized income, this operation would be tantamount to an unbacked issuance of currency, printing money in other words.

"This is highly reprehensible, and I find it hard to believe that the president and the Board of the Central Bank would take such a step."

He feels that other measures would be more logical, though still stopgaps, such as providing liquidity to the banking institutions in which Public Treasury funds are deposited, because according to widespread reports, these banks have practically frozen operations.

Alfredo Lafee

For his part, Dr Alfredo Lafee agrees that the budget and treasury deficits mentioned by Diaz Bruzual in his year-end message are extremely worrisome.

Nevertheless, he thinks that it would not be proper to transfer the profits from the revaluation of gold to cover them, because among other things, this is merely an accounting adjustment involving profits that have not actually been realized.

He feels that this mechanism would be inadvisable and recommends looking into another way to take up the Treasury bills that are about to fall due.

Carlos Rafael Silva

Dr Carlos Rafael Silva, another former president of the Central Bank, was initially reluctant to comment on the Central Bank report, but when pressed, he agreed to.

Dr Silva began by stating that he was pleased to see that the president of the Central Bank was able to report on the national economy on 22 December, because the last December that he (Silva) headed up the Central Bank, in 1980, he issued a comparable report on 29 December, which Diaz Bruzual described as premature and subjective.

"This means that the person who voiced that view at the time either was unfamiliar with the Central Bank's internal economic research methods or did so for motivations that became quite obvious some time later."

As for the report, he pointed out that broadly speaking it shows that the growth rate of the Venezuelan economy dropped this year. This is simply the continuation of the trend in Venezuela for the last 5 years.

"I don't think," he added, "that this can be blamed solely or at least primarily on external factors, because although it is true that adverse exogenous factors are at work at present, it is also true that 5 years ago the situation was unprecedentedly favorable on the world oil market, and nonetheless the nation's economy showed signs of worsening."

He therefore feels that to the adverse foreign conditions at present we must add local or domestic developments. These developments have demonstrated the misguided nature of economic policies such as price and bank interest rate decontrol, import incentives and, at times, incentives for capital outflows, as well as confrontations among economic policy-makers or between them and the country's production sectors.

"The most glaring example of this is Venezuela's swollen overseas public debt, the rescheduling of which is currently regarded as one of the economy's critical issues. Congress authorized the rescheduling in August 1981, when Venezuela was a triple A risk on international financial markets, and the prevailing conditions on these markets

were favorable to a renegotiation. Nonetheless, the problem is still with us and is regarded as one of the most serious that the next administration will have to face, as 1983 draws to a close."

With regard to the budget deficit problem, he said that he did not have the figures to assess the situation at it stands now.

"I will go by what the president of the Central Bank has said in this regard. However, there are obvious indications of urgency in this area, and none is more revealing than the call for an assembly of Central Bank shareholders to decide on the allocation of the funds in the deferred credits reserve account, which has been replenished by the revaluation of gold holdings.

"There have been three revaluations. Two are the result of world market decisions, when the international financial community agreed to raise the price of gold to \$38 an ounce and, a few years later, to \$42.22 an ounce.

"The most recent revaluation was when the government decided to assign gold a value of \$300 an ounce, merely to project a more favorable image for the country in connection with its international monetary reserves."

In all of these cases, he noted, the procedure was to place these book profits in a special reserve account that is apparently going to be made available even though the revalued gold has not actually been sold off. "It is my understanding that our Commercial Code has specific regulations in this regard, and I assume that the authorities have studied it in making their proposed decision. If it is, in fact, used for fiscal purposes, it reflects a desperate situation in this area."

8743

CSO: 3348/240



## BRIEFS

INCREASE IN MONEY SUPPLY--With a record increase of 27 billion bolivars from January to the first week of this month (December), the money supply expanded to 156.316 billion bolivars as of 9 December, the last day for which figures are available. This record level highlights how fast money supply growth has been, and unfortunately it has not been the result of a production rebound. As of the above date, the itemization of the money supply is as follows: 61.782 billion bolivars in cash and checking accounts. This is the amount of currency in the public's hands, and it has expanded rapidly. The other component of the money supply is "near money," as represented by savings and time deposits, which total 94.534 billion bolivars, according to the report issued by the Central Bank of Venezuela. Bank deposits amounted to 104.078 billion bolivars, while loans and investments totaled 83.886 billion, a difference of more than 20 billion bolivars. The bank liquidity surplus was placed at 6.882 billion bolivars. [Text] [Caracas EL UNIVERSAL in Spanish 24 Dec 83 p 1-1] 8743

CSO: 3248/240

END